



## **U.S. Department of State FY 2000 Country Commercial Guide: Hong Kong**

The Country Commercial Guides for Hong Kong and was prepared by the American Consulate General Hong Kong and released by the Bureau of Economic and Business in July 1999 for Fiscal Year 2000.

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### I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Hong Kong's commercial environment using economic, political and market analyses. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community.

Country Commercial Guides are prepared annually at U.S. embassies and consulates through the combined efforts of several U.S. Government agencies.

On July 1, 1997, Hong Kong reverted to Chinese sovereignty after over 150 years under British rule. The Sino-British Joint Declaration, signed in 1984, and the Basic Law, passed by China's National People's Congress in 1990, form the legal basis for China's "One Country, Two Systems" guarantees for the Hong Kong Special Administrative Region (SAR) of China. These documents, which guarantee a high degree of

autonomy for the SAR except in matters relating to foreign affairs and defense, have to date been scrupulously observed. So far, Beijing has honored its commitments that the Hong Kong people will continue to enjoy the social and economic systems, life-style, and rights and freedoms that they previously enjoyed. The SAR continues to enjoy executive, legislative and independent judicial power.

Two years after the reversion, the problems facing Hong Kong relate not to the return to Chinese sovereignty, but rather to the financial and economic crisis that has affected the entire Asian region. Hong Kong is mired in a deep recession. Unemployment has risen to 6.3 percent as of June, 1999, a record high; retail sales are off 12.8 percent for the first four months of 1999; and GDP fell by 3.4 percent in the first quarter of 1999, after falling by 5.1 percent in 1998, the first time Hong Kong experienced negative GDP growth since 1984.

Signs of a turnaround have begun to appear, however. Last summer, the stock market looked to be in free fall, having lost some 60 percent of its value in the preceding 12 months. Fearing attacks from speculators, the government made its first ever intervention in the stock and futures markets, spending US\$15.3 billion to buy all 33 Hang Seng Index constituent stocks and futures in August, 1998. Whether due to the intervention or not, the stock market has risen over 100 percent since that time, and has begun to approach pre-crisis highs. Tourism has begun to recover in recent months, with 12.1 percent growth for the first five months of 1999 compared with the same period in 1998. The sharp correction in property prices also appears to have run its course: although down 35-40 percent from their 1997 peak levels, property prices are up 20 percent now from last year's lows. In short, it appears that Hong Kong's economy has bottomed out and begun to turn upward, though it still remains susceptible to external factors, notably the economies of China, the United States, Japan, and the European Union, as well as risks from intra-regional shocks from Indonesia, Korea, and Thailand.

Hong Kong remains an economic and commercial powerhouse. It is the United States' fifteenth largest trading partner, with U.S. exports to Hong Kong totaling US\$12.9 billion in 1998, and two-way trade of US\$21.8 billion. The keys to Hong Kong's economic success -- its free-market philosophy, entrepreneurial drive, absence of trade barriers, well established rule of law, low and predictable taxes, transparent regulations, and complete freedom of capital movement -- all remain intact, and should contribute to Hong Kong's recovery. The "silver lining" in the recession -- lower property and labor costs, and less staff turnover -- should add to Hong Kong's attractiveness as a commercial and financial center.

Hong Kong's infrastructure is superb. Kai Tak Airport, which was strained to capacity in 1997 with 30 million passengers and 1.6 million tons of cargo, has been replaced by the new US\$9 billion Chek Lap Kok Airport. The new airport's annual capacity has expanded to 87 million

passengers and nine million tons of air cargo since its second runway opened in May 1999. Hong Kong also boasts the world's second busiest container port, now handling over 14 million TEU's (twenty-foot equivalent units) of cargo per year. An expansion of the container terminal facilities is planned, as construction of Hong Kong's ninth container terminal (CT 9) is expected to begin later in 1999. Hong Kong also boasts world-class telecommunications, public transportation, and international schools, further adding to its attractiveness as a base for U.S. companies.

There are over 1,100 U.S. businesses represented in Hong Kong -- including over 400 regional operations -- and over 50,000 American citizens reside in Hong Kong. According to preliminary U.S. Government statistics, estimated U.S. direct investment in Hong Kong totaled US\$20.8 billion at year-end 1998 (based on historical cost), making the United States one of Hong Kong's largest investors, along with the U.K., China and Japan. Thirty-two American "authorized financial institutions" operate in Hong Kong, including seven of the top 10 U.S. banks.

Geographic proximity and cultural and linguistic ties, particularly to adjacent Guangdong province, have greatly accelerated Hong Kong's economic integration with China. Trade and investment with China have surged as China's economy continues its fast-track growth. China is Hong Kong's largest trading partner, absorbing one-third of Hong Kong's total exports of US\$172.7 billion. Hong Kong serves as the principal transshipment point for Chinese exports. Almost 60 percent of cumulative foreign investment in China originated from or transited through Hong Kong. Over 5 million Chinese workers are employed by Hong Kong-invested enterprises in Guangdong alone.

With a per-capita GDP of US\$24,653, Hong Kong's sophisticated population offers outstanding opportunities for sales of a full range of U.S. products and services, the current economic downturn notwithstanding. Hong Kong's role as a regional financial services and transportation hub contributes to a promising market in computers, telecommunications equipment and information technology services. A growing population and pressures for improvements in quality of life support growing demand for building products, pharmaceuticals, and environmental services and equipment. With its new airport offering significant new capacity, the market for aircraft and parts should flourish. All of these areas offer outstanding opportunities for U.S. exporters, as do such products traded through Hong Kong to China as paper and high value food products. The U.S. Consulate General looks forward to working with U.S. companies interested in entering this dynamic market.

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## II. ECONOMIC TRENDS AND OUTLOOK

### A. Major Trends and Outlook

In 1998, Hong Kong experienced, for the first time since 1984, negative growth every quarter, with GDP shrinking 5.1 percent for the full year to reach US\$165 billion at current market prices. GDP per capita fell to US\$24,653 last year, down by seven percent from US\$26,502 in 1997. Real GDP continued to drop at the rate of 3.4 percent in the first quarter of 1999 and will likely be flat or slightly negative for the year, with good prospects that positive growth will return in 2000.

Labor market conditions have deteriorated further since the Asian financial crisis began. The unemployment rate rose to 6.3 percent during the period of March-May 1999. The labor force continued to grow due to sustained expansion in the working age population, which in turn was underpinned by inflows of returning emigrants, immigrants from Mainland China, and other foreign individuals. Some analysts expect that the unemployment rate will reach 6.5-7 percent in 1999. The government formed a task force last year to address the unemployment situation, to try to create more jobs.

Hong Kong's merchandise, or visible, trade deficit decreased 48.8 percent in 1998 to US\$10.4 billion. Exports of services dropped 6.5 percent in real terms in 1998, while the imports of services declined by 0.6 percent in real terms. Hong Kong's invisibles surplus, which shrank in 1998 to US\$11.5 billion, offset most of its merchandise trade deficit.

In 1998, Hong Kong's total exports (comprising re-exports and domestic exports) declined. In real terms, total exports in 1998 decreased by 4.3 percent, as compared with a 6.1 percent increase in 1997. By value, total exports fell by 7.4 percent to US\$173 billion in 1998. Total exports continued to fall in 1999, down by 7.8 percent in value terms for the period January-May of 1999 compared to the year earlier period.

Re-exports, which account for 86 percent of Hong Kong's total exports, decreased by 6.9 percent in value terms in 1998. (Re-exports refer to goods made in foreign countries, principally China, which officially enter Hong Kong's customs territory for shipment onward to other countries.) Re-exports declined 6.8 percent in value terms for the

period January-May of 1999 compared to the year earlier period. Domestic exports decreased by 10.9 percent in value terms in 1998, following a 0.4 percent decrease in 1997. Domestic exports declined 13.9 percent in value terms for the period January-May of 1999 compared to the year earlier period. China is Hong Kong's principal export market, taking approximately one third of total domestic merchandise exports. The United States is Hong Kong's second largest export market. Including re-exports from China, Hong Kong's 1998 total exports to the U.S. were US\$40.3 billion, according to Hong Kong Government statistics. Other principal export markets in order of importance are Japan, Germany and the United Kingdom.

Total imports shrank by 11.5 percent in value terms in 1998 to US\$183 billion. In real terms, total imports decreased 7.2 percent in 1998, following a 7.2 percent increase in 1997. Retained imports -- those not shipped onward to China or elsewhere -- fell by 14 percent in real terms to US\$60.6 billion in 1998. The drop represented a setback in production and consumption in 1998, largely related to the Asian financial crisis. For the period January-May of 1999, total imports have fallen 13.8 percent in value terms compared to the year earlier period.

China is the largest supplier of imports with a 39 percent share, followed by Japan, the United States and Taiwan. U.S. exports to Hong Kong totaled US\$14.2 billion in 1998, down 16.6 percent from 1997. (Note: According to U.S. Government statistics U.S. exports to Hong Kong totaled US\$12.9 billion in 1998, down from US\$15.1 billion in 1997. For January-April 1999, U.S. exports to Hong Kong are down 6.7 percent compared to the year earlier period.)

Since 1983, the Hong Kong dollar has been linked to the U.S. dollar at a rate of approximately HK\$7.8 = US\$1. The Hong Kong Government is steadfastly committed to the link and has pledged to maintain it. Currency notes are issued by three commercial banks, and are fully backed by U.S. dollars on deposit with the Exchange Fund. The link requires local interest rates to generally track those in the United States. The market exchange rate of the Hong Kong dollar against the U.S. dollar remained on the strong side of the link during 1998, ranging from 7.732 to 7.749. During the Asian currency turmoil, the strength of the Hong Kong dollar has been maintained through the operations of its currency board mechanism, resulting in upward adjustments, at times quite sharp, of interest rates.

## **B. Principal Growth Sectors**

Services dominate Hong Kong's economy, accounting for 85.2 percent of GDP and employing 82 percent of the work force in 1997. Between 1989 and 1998, exports of services grew at an average annual rate of 4.2 percent in real terms, while services imports increased at 6.3 percent.

Major services include the trade and travel related sector (wholesale trade, retail trade, import/export, restaurants and hotels), which



accounted for 26.1 percent of GDP in 1997; and financing, insurance, real estate and business services, which contributed 26.5 percent of GDP in 1997, up from 20 percent in 1990. See Section VII (I) for a discussion of the banking/financial services sector.

Manufacturing as a percentage of GDP has declined steadily as companies have shifted production facilities to lower cost locations in China and elsewhere. Manufacturing in 1997 accounted for only about 6.5 percent of GDP and 12.6 percent of the work force, down from 17.6 percent and 28 percent respectively in 1990. The textile and clothing/apparel industries remain the backbone of Hong Kong's manufacturing sector. These industries employed 32.5 percent of the manufacturing work force and accounted for 39.7 percent, or US\$9.6 billion, of Hong Kong's 1998 domestic exports. Other principal industries include electronics, watches and clocks, and chemical and industrial machinery. Manufacturers continue to shift production facilities out of Hong Kong, primarily to China, to take advantage of lower labor and land costs.

#### **(1) Tourism and Retail Sales**

Tourism is Hong Kong's largest earner of foreign exchange after the textile and apparel industries. Tourism provided revenues of US\$7.1 billion in 1998, down by 23.4 percent from 1997 due to a decline in Japanese tourism, the contagion effect of the regional currency turmoil, and bird flu in Hong Kong. Visitor arrivals numbered some 9.6 million in 1998, down by eight percent from 1997, but the numbers have shown improvement in 1999. Tourist arrivals for the first five months of 1999 rose 12.1 percent from a year ago to 4.2 million. The rise is partly attributed to the fact that the economies of Japan and Southeast Asia have stabilized, and partly to the relaxation of visa quotas for Chinese residents who wish to visit Hong Kong. Visitors from China accounted for 27 percent of Hong Kong's total arrivals last year, followed by Taiwan with 19 percent, Southeast Asia with 13 percent, Japan with 10 percent, and the United States with eight percent. The volume of visitors from the United States in 1998 decreased to 773,309 from 1997's 800,539. Hotel room occupancy rates remained the same at 76 percent in 1998 as in 1997. For the period of January-May, 1999, the hotel room occupancy rate increased to 78 percent.

Retail sales volume plummeted by 16.7 percent in 1998, following a 1.1 percent increase in 1997, reflecting the weak consumer demand as a result of increased lay-offs and reduced job security in the labor market. The largest declines in sales included motor vehicles; clothing and footwear; commodities in department stores; consumer durable goods; and jewelry, watches and clocks, and valuable gifts; registering a decrease of 29.2 percent, 27.8 percent, 26.9 percent, 17.4 percent and 16.8 percent respectively in volume in 1998. Other retail segments also showed a decrease in volume in 1998, including supermarket sales (down 2.5 percent in volume); food, alcoholic drinks and tobacco (down 3.4

percent in volume) and fuels (down 12.1 percent in volume). For the period January-April, 1999, retail sales have fallen 8.8 percent in volume compared to the same period in 1998.

## **(2) Property**

The office rental market was buoyant in the first half of 1997, before softening in the second half as demand for office space declined because of the economic slowdown, coupled with the addition of more new buildings to the supply. In 1998, average monthly rental prices for Grade A (the highest grade) office space in Central, Hong Kong's premier district, dropped 15 percent because of downsizing in the corporate sector and an uncertain business outlook, while Grade A space in Wan Chai North, another popular commercial district for multinational companies on Hong Kong Island, dropped by 2.5 percent. By the middle of 1999, office rentals remained in the doldrums, with space in Central renting for as low as US\$3.7 per square foot per month, 30-40 percent lower than at its peak, before the onset of the Asian financial crisis.

Similarly, the residential property market underwent a severe downturn in 1998. The market began to slip in the third quarter of 1997 when Chief Executive C.H. Tung announced his plan to build 85,000 new flats a year, targeting 70 percent home ownership by 2007. In the fourth quarter of 1997, the market plunged as a result of the Asian financial crisis and high interest rates. The Peak, Wan Chai/Mid-levels, and the South Side of Hong Kong Island are the most popular living areas for expatriates. By May 1999, rental prices in these areas, the "luxury" segment, had fallen some 28 percent from 1997's peak, with average monthly rents of US\$3.8 to \$4.1 per square foot for the Peak, US\$3.6 to \$4.4 for Wan Chai/Mid-levels, and \$3.8-\$4.3 for the South Side.

## **(3) Infrastructure (Construction, Telecommunications, Environment)**

See Section II.E below for a discussion of these sectors.

## **C. Government Role in the Economy**

The Hong Kong Special Administrative Region Government continues to pursue a generally non-interventionist approach to economic policy that stresses the predominant role of the private sector, just as it did prior to the transition to Chinese sovereignty in July 1997. Economic policy is based primarily on minimal interference with market forces. However, the government plays a significant role in infrastructure development, healthcare, public housing, and land sales. In the spring of 1998, the government, responding to public pressure, put forward a US\$5.7 billion economic relief package, a package which resulted in a deficit of US\$3 billion for fiscal year 1998-99. More recently, the government has also become more proactive in support of high technology

development. It has introduced various schemes to encourage applied research and development, and has plans to develop a science park and a high-tech "Cyberport." The government also created a Commission on Innovation and Technology, whose final report in July 1999 recommended, among other things, creation of a US\$1 billion "Silicon Harbor."

Hong Kong has consistently supported an open multilateral trading system. The government is an active member of the World Trade Organization (WTO) and the Asia Pacific Economic Cooperation Forum. Hong Kong maintains no anti-dumping laws, countervailing duty laws, import quotas or tariffs. (There are consumption taxes on a few items which apply equally to imports and local products.) It urges similar open trade policies for its neighbors and trading partners. Since July 1, 1997, Hong Kong has continued to enjoy a high degree of autonomy as a separate customs territory.

The tax system in Hong Kong is simple and tax rates are low. No one pays more than 15 percent of their income in salaries tax. As a result of generous allowances under the law, 61 percent of the work force pay no salary tax at all. The business profit tax is 16 percent and is payable only on net profits arising in Hong Kong or derived from business performed in Hong Kong. There are no taxes on capital gains, dividends, or interest. Other revenue sources include stamp duty on property and stock market transactions, betting duties, estate duty and hotel accommodation tax. The Hong Kong Government's low taxes and prudent fiscal policy have enabled it, generally, to achieve surpluses on its consolidated account over the past decade, although the budget has gone into deficit since the financial crisis began. Under the Sino-British Joint Declaration and China's Basic Law on Hong Kong, Beijing cannot tax Hong Kong or otherwise extract revenue from the SAR Government.

Hong Kong Government-funded core projects, including those related to the Chek Lap Kok Airport and environmental protection, have further fueled the development of Hong Kong's economy. In Fiscal Year 1999 (FY99), which will end on March 31, 2000, government expenditures will account for approximately 21.1 percent of GDP, the first time that government expenditures exceeded 20 percent of GDP. Prudent fiscal management and strong reserves have obviated the need for the Hong Kong Government to incur debt to finance expenditures. The Hong Kong Monetary Authority (Hong Kong's de facto central bank) had a total of US\$12.5 billion in Exchange Fund bills and notes outstanding at year-end 1998. The bills and notes are used as instruments of monetary policy and are a principal means by which the Hong Kong Government has worked to develop a local debt market. They are not used to finance expenditures.

#### **D. Balance of Payments Situation**

Hong Kong released official Balance of Payments (BoP) data for 1997 in April, 1999. The broad BoP account for 1998 will be available in late 1999. The first set of quarterly BoP account for the same reference quarter will be available in early 2000.

In 1997, Hong Kong recorded an overall BoP surplus of US\$12.2 billion. The current account registered a deficit of US\$6.7 billion, which was 3.9 percent as a ratio of the GDP estimate at current market prices in 1997. This was the net effect of a visible trade deficit of US\$17.2 billion, an invisible trade surplus of US\$11.1 billion, a net inflow of factor incomes of US\$961.5 million, and a net outflow of current transfers of US\$1.6 billion.

Total inflow into Hong Kong in 1997 amounted to US\$59.1 billion, while total outflows was US\$58.1 billion. The gross flows of external factor income into and out of Hong Kong were both very sizable, with each equivalent to about 30 percent of GDP.

As the inflows and outflows were close in magnitude, the net factor income flow was only US\$961.5 million, or about 0.6 percent of GDP. Thus the GDP and GNP estimates were close to each other in 1997, with the latter being larger than the former by only 0.6 percent.

According to the findings of the surveys on external investments conducted by the Industry Department and the Census and Statistics Department, at year-end 1997, total inward direct investment stood at US\$93.9 billion, based on original cost. At year-end 1998, settled foreign currency reserves (excluding forward transactions) totaled US\$89.6 billion (including the Land Fund), and by mid-year 1999 this had dropped slightly to US\$88.9 billion.

The Hong Kong Monetary Authority has, in February 1997, made an interim estimate of the BoP for 1993-1995. There was an overall surplus in the BoP (excluding reserves) in 1993, 1994 and 1995. In 1996, the merchandise trade deficit of US\$18.2 billion (9.2 percent of total imports) exceeded the surplus in services trade of US\$16.6 billion, leaving an overall trade deficit of US\$1.6 billion.

#### **E. Infrastructure Situation**

Hong Kong's modern and efficient infrastructure supports its role as a trade entrepot and regional financial and services center. As rapid growth placed severe demands on that infrastructure, particularly on transportation and shipping facilities, the Government responded with a major infrastructure development program. Hong Kong's new US\$9 billion airport and airport railway opened on July 6, 1998. All the related roads, bridges and tunnels were completed in advance of the opening. The conclusion of the Airport Core Program, however, does not end the

Hong Kong Government's commitment to a world-class infrastructure. On the contrary, Hong Kong has plans to invest US\$30 billion over the next five years to further enhance its competitiveness as a regional center.

Significant projects include a planned expansion of container terminal facilities, additional roadway and railway networks, sewage and telecommunications facilities.

### Airport

Despite start-up problems during the first few weeks of operations, particularly for cargo shipments, Hong Kong's new international airport at Chek Lap Kok has settled into a routine of efficiency after a year of operations. Each day, it handles an average of 450 flights, 90,000 passengers and more than 4,500 ton of cargo. There are more than 60 airlines operating some 3,000 flights between Hong Kong and 110 cities around the world. With 163,223 aircraft movement and 1,628,742 tons of cargo throughput in 1998, the new Hong Kong International Airport ranks fifth in the world in terms of passenger throughput and first in terms of cargo handled.

Hong Kong is a major gateway to China, the world's fastest growing region for aviation. There are direct flights from Hong Kong to nearly 40 Mainland cities, and the demand for aviation services is growing. Looking ahead, Hong Kong International Airport is well placed to take advantage of Asia's economic recovery. With 24-hour operations, two all-weather runways, an ability to cater to all types of commercial aircraft, high-speed transport links from the terminal to the city, and the largest and most efficient cargo handling facilities in the world, Hong Kong International Airport appears to be well positioned to cater to Hong Kong's aviation needs in the coming decades.

While the airport is now completed and fully operational, the Airport Authority is considering plans to build a Third Party Logistics Center and possibly a warehouse shopping mall on the airport grounds, and is considering other commercial developments to boost revenues. The Hong Kong Civil Aviation Department is in the early stages of a complete upgrade of its air traffic control system, which should provide good opportunities for U.S. companies over the next five years.

### Shipping and Port Activities

Hong Kong's deep-water channel makes it one of the busiest container ports in the world and the leading transshipment port for Southeast Asia and China. In 1998, Hong Kong handled a total of 14.6 million twenty-foot equivalent units (teus), a growth of 1.4 percent over 1997.

Unlike most countries, Hong Kong does not have a port authority. All eight of its existing container terminals (CT 1-8) and the newly

operational River Trade Terminal (RTT) are privately owned and operated.

CT 1 to 8 have a combined annual capacity of 11.5 million teus. Phase I of the RTT opened in late 1998. Upon full completion in 2000, the RTT will be able to handle 1.3 million teus and 900,000 tons of cargo a year. CT 9, the new container terminal to be developed on Tsing Yi Island, will provide additional capacity of 2.6 million teus by the early 2000's.

Hong Kong's port is not free from competition. The nearby Shenzhen ports of Yantian and Shekou are developing rapidly. In 1998, the Shenzhen ports together handled close to 2 million teus, more than 10 times their total throughput five years ago. Rather than competing head on with these emerging ports, Hong Kong is developing more and more into a hub port to complement the feeder service of these Southern China ports. In the long term, China's industrialization should generate sufficient cargo to support the continued development of Hong Kong and South China ports.

In anticipation of future cargo increases, the Hong Kong Government has already completed the detailed planning of CT 10 and 11 in Penny's Bay located on Lantau Island. However, the plan for CT 10 and 11 may have to be abandoned to make way for a Walt Disney theme park that may be built on the same location. Regardless of where the new container terminals are built, there will be a need for extensive private financing, providing excellent opportunities for U.S. financial firms.

#### Roads and Railroads

Hong Kong's roads have one of the highest vehicle densities in the world. As of March 1999, there were over 500,000 licensed vehicles and approximately 1838km of roads, or 272 vehicles per kilometer of road. This high vehicle density, combined with hilly, difficult terrain and dense building development, poses a constant challenge to transport planning, road construction and maintenance. To cope with worsening traffic congestion, the Highways Department has nearly 30 projects under construction, and approximately 65 projects in the planning stage. The department's annual expenditure for the financial year ended March 2000 was approximately US\$ 550 million.

Hong Kong is serviced by three major railway systems. The Mass Transit Railway Corporation (MTRC) operates a five-line metro system, including the 34km Airport Express and the Tung Chung Line which opened in mid-1998. The Kowloon Canton Railway Corporation (KCRC) operates a 34-km line that services the new towns in the Northeastern New Territories, and that also provides a border crossing and freight service into China.

In addition, KCRC also operates a Light Rail Transit System in the Northwestern New Territories.

Hong Kong is planning a massive expansion of its rail system. The

investment in Hong Kong's domestic and cross-boundary rail networks in the next decade is expected to exceed in scale the US\$20 billion spent on the Airport Core Program. Three major domestic passenger rail projects are already at various stages of implementation. Of these, KCRC is currently working on the West Rail Phase I construction, and the MTRC is working on the Tseung Kwan O Extension. The Government is also examining KCRC's TST Extension and Ma On Shan Extension proposals. Upcoming railway projects include a second KCRC border crossing at Lok Ma Chau and possibly a fourth rail harbor crossing. There should be significant opportunities for equipment sales and consulting services for these projects.

### Telecommunications

Telecommunications is one of Hong Kong's most dynamic and competitive industries. Investment in telecommunications infrastructure has increased in recent years, despite the general economic downturn, and continues to play an integral role in Hong Kong's status as an international business center. In the fixed line local market, Hong Kong has a fully digitalized system, which continues to be expanded and upgraded by the former monopoly provider, Hong Kong telecom, as well as three new licensees. For international service, the issuance of international simple resale licenses, which allow resale of Hong Kong Telecom's international capacity as of January 1, 1999, has dramatically driven down international direct dial rates. With over three million subscribers, Hong Kong boasts one of the highest penetration rates of mobile phones in the world. There are five cellular networks (one TDMA, one CDMA, and three GSM systems) and six personal communications services (PCS) networks, all GSM1800. The introduction of mobile number portability in March of 1999 further intensified competition to attract and retain subscribers. Hong Kong is also fully participating in the global expansion of Internet services. As of March 1999 the government has issued over 130 licenses for internet service providers (ISPs). The largest ISP is still Hong Kong Telecom, which now also offers broadband internet access using its interactive television (iTV) service, which uses its extensive fiber ATM network. For some buildings not directly served by its fiber network, it is starting to deploy Asymmetric Digital Subscriber Line (ADSL) technology. Wharf Cable (the only cable television operator) is currently conducting trials of cable modems, and plans to start offering broadband services using its coaxial network at the end of 1999.

Recent regulatory changes and new technologies have provided opportunities for the introduction of new services and products. Although Hong Kong has extended the moratorium on the issuance of new wireline local service licenses until January 1, 2003, the government made an exemption for companies that offer local service using wireless local loop (WLL) technology. Despite the excellent infrastructure

already in place, there is still a strong demand for broadband services for businesses, one area well suited for some WLL technologies. The government will also provide licenses for local services within a building or complex. The three new fixed line licensees have been granted an external (international) facilities based license, which will be effective January 1, 2000. In addition, companies offering non-wireline international communications, primarily satellite, can also obtain a license. For a new wireline external facilities license, a licensee must invest in bringing the physical cable into Hong Kong. If unable to qualify for an external facilities license, companies can provide international voice, data, fax, value added services, and virtual private networks using the ISR or international value added network services (IVANS) licenses, which are already available.

All the mobile operators are aggressively deploying new services for their subscribers, including enhanced informational services and other value added services. Starting in the summer of 1999, mobile operators plan to begin deploying data services, such as e-mail and internet access. Operators are already looking forward to the introduction of 3<sup>rd</sup> generation mobile services within the next two or three years. The rapid growth of internet services provides excellent opportunities not only for hardware and software suppliers for ISPs and enterprise networks, but also for content providers and companies that offer innovative web-based services and electronic commerce solutions.

### Environment

How to protect Hong Kong's environment has become a priority issue for debate among the government, the public and the business community in the past year. The quest for air and water quality improvements by the business community has driven the government to develop a number of initiatives to address environmental problems in Hong Kong. The Hong Kong Government has developed stringent environmental regulations and guidelines for industry and the public, and has commenced a wide range of environmental infrastructure projects to meet these objectives. The government is committed to spending over US\$ 2.5 billion per year during the next three years on environmental improvement projects; U.S. companies should find many opportunities to participate in these projects.

The largest of all the environmental infrastructure projects currently underway is the Strategic Sewage Disposal Scheme, at a cost of over US\$ 2 billion. The development of the second phase, including sludge minimization and deep oceanic outfall, is under environmental impact assessment and is expected to begin construction by the middle of 2000.

Some of the construction work for the third and fourth phases of the project will be implemented concurrently with the second phase. This should create opportunities for U.S. participation not only in this



project, but also in other municipal sewage system projects, and for related equipment sales with an estimated value of US\$ 300 million.

In 1998, the Hong Kong Government adopted a ten-year Waste Reduction Framework Plan which aims to minimize the amount of disposal waste and the costs of collection, treatment, and disposal. The Plan consists of two centralized waste-to-energy incineration facilities, at a total cost of US\$ 1 billion; a construction materials recovery facility at a cost of US\$ 100 million; and a US\$ 5 million composting facility expansion. There should be opportunities for incineration and waste recycling technologies and related equipment valued at US\$ 200 million.

Other business opportunities include the government's plans for the privatization of drinking water treatment facilities. The government is currently working on a feasibility study, and it is expected that the report will be released for public consultation by early 2000. This privatization should create investment opportunities for banks, private investors, and water management companies to bid on the necessary management and service contracts.

Additional niche markets exist in Hong Kong for the following types of environmental technologies:

Indoor air pollution control technologies - Centralized air conditioning is commonly used in Hong Kong's office buildings, hospitals, and shopping complexes. The government has begun to look into management and control technologies that can improve the air quality inside public buildings. There will be a growing demand for ventilation and disinfection technologies for use in public buildings.

Vehicular air pollution control technologies - Vehicular emissions from diesel buses and trucks cause major air pollution problems in Hong Kong. The government is seeking options for alternative fuels and advanced technologies that can control the growing problem of respirable suspended particulates.

Energy efficient building technologies - The Chief Executive's 1999 Policy Address noted that improved energy efficiency and energy savings in buildings will be one of the government's priorities in environmental protection. The government has projected that the population will increase to 8.1 million by 2010 versus 6.7 million at present, thereby creating a strong demand for energy efficient lighting and air conditioning technologies for both old and new buildings.

Noise abatement technologies - It is expected that Hong Kong will build more highways, roads, and railroads linked to newly developed towns in the New Territories. Good noise control for roads and railroads is essential to minimize noise disturbance in residential neighborhoods.

#### Hong Kong's efforts to address the Year 2000 problem

The Information Technology and Broadcasting Bureau is responsible for coordinating the Hong Kong Government's overall Y2K program and strategy. The government has adopted a three-pronged approach to tackle the Y2K computer problem: a requirement that all information technology-based systems be Year 2000 compliant by July 1, 1999; establishment of a monitoring program which covers a wide range of non-government organizations including public utilities, financial institutions and hospitals; and a series of public awareness programs. In June 1999, the Global 2000 Coordinating Group, which monitors the Y2K readiness and progress of compliance work in 43 countries/cities in the world, announced that Hong Kong is one of the two best places in terms of Y2K readiness among the countries assessed.

As of June 1, 1999, 96 percent of mission critical computer and embedded systems within the government were confirmed to be Y2K compliant or have been rectified, and most of the remaining systems were rectified by the end of June, 1999. Contingency plans have been formulated for mission critical systems that did not make the June 30 deadline.

The Hong Kong Monetary Authority is working with the financial sector on the Y2K issue. As of mid-June 1999, 98.7 percent of banking institutions were already Y2K compliant.

In early June, Cable and Wireless Hong Kong Telecom announced that all of its business components that support its products and services were declared Y2K compliant. Rectification work completed by the remaining three fixed telecommunication network services is as follows: as of May 1, New T&T was 89 percent compliant, New World Telephone - 74 percent, and Hutchison - 100 percent. Mobile phone service providers expected to achieve compliance by July 1, 1999, and major internet service providers claim to be 100 percent compliant.

The main area of concern in Hong Kong is small to medium size enterprises. As a result of the Asian financial crisis and a weaker economy, many small and medium size firms have reduced their budgets for Y2K rectification. In addition, Hong Kong has a large labor pool but a limited availability of knowledgeable technical systems staff. Therefore, the small to medium size enterprises that have switched to more automated or electronic computer systems in their daily operations could face problems come January 1, 2000.

#### **F. Macau Economic Scene**

Macau, a Portuguese-controlled thirteen square mile enclave of around 430,000 persons, is located west of Hong Kong on the Pearl River estuary

in southeast China. It will revert to Chinese sovereignty on December 20, 1999.

U.S. business interests in Macau are modest by international standards.

There are approximately 480 Americans residing in Macau, the majority of whom are retired with smaller numbers in business. The United States is Macau's most important foreign market, taking nearly 50 percent of Macau's total exports, while imports from the United States amount to five percent of Macau's total imports.

1998 GDP growth was down three percent from 1997 levels, but preliminary reports for the first half of 1999 show a reversal of this trend. The government forecasts a 1999 return to 1997 levels with positive growth in 2000. Nominal GDP for 1998 was US\$7.33 billion. The Asian crisis has not had a direct impact on Macau's industrial sector, as production has remained nearly constant. However, Macau's gambling and tourism industries have been hit hard, resulting in a sharp decrease in GDP. Unemployment, which in past years has hovered around three to four percent, has been on the rise and is currently at six percent. Inflation continues to decrease and was only 0.2 percent for 1998 and - 3.0 percent for the first quarter of 1999.

Total government revenue for 1998 was US\$1.343 billion. Expenditure was slightly less at US\$1.338 billion leaving a fiscal surplus of US\$5.35 million. Accumulated surplus over the past three years has created a balance of US\$196.8 million with no public debt. Net domestic credits equaled US\$760.1 million.

Macau's money supply (M2) was US\$10.8 billion at year end 1998. Patacas (the local currency) account for only 30 percent of this supply while 53 percent is Hong Kong Dollars and 17 percent is other currencies. Currency in circulation equals US\$194 million. The public sector is only responsible for 0.2 percent of the US\$6 billion in loans and other credits. The Macau Monetary Authority holds 37 percent of net foreign assets.

Macau ran a positive trade balance in 1997 of US\$149 million, up from US\$65.9 million in 1996, with total exports of US\$2.14 billion exceeding imports of US\$1.95 billion. In 1998, exports declined 0.3 percent while imports dropped 6.1 percent. Textiles lead Macau's exports, accounting for nearly 85 percent of all merchandise exports.

Macau has traditionally filled the niches of neighboring economies and is confident it can continue to do so. It is exploring ways to capitalize on its recently constructed airport. One stumbling block is the continued problem of triad violence. The government, however, insists that the violence does not threaten legitimate businesses and that the severity of the problem is exaggerated by the foreign press. One area that Macau is working to develop is its status as a gateway to China, which should be promising even if direct sea and air routes are

established between Taiwan and China.

**Table 1: Forecasts for Major Indicators (real growth rate percent change)**

	1996	1997	1998
Real GDP	-0.5	-0.1	-3.3
Inflation Rate	4.8	3.5	0.2
Private Consumption	3.2	4.1	3.1
Public Consumption	6.6	4.0	3.0
Gross Domestic Fixed Capitol Formation			
Public Sector	11.2	7.7	---
Private Sector	-29.4	0.06	---
Unemployment*	4.3	3.2	4.6
Trade Balance (US\$ mn)	-4.1	65.8	186.4

\*Feb. 1999 - Apr. 1999 = 6.0 percent

**Table 2: 1996-1998 Nominal Trade Figures (US\$ millions)**

	1996	1997	1998
Total Goods Exports	1,995.5	2,147.6	2,141.1
Domestic Exports	1,678.9	1,886.7	1,867.9
Re-exports*	316.6	260.9	273.2
Total Services Exports	---	3,131.4	---
Total Goods Imports	1,999.7	2,076.8	1,949.8
Macau/U.S. Trade			
Imports from U.S.	117.9	130.7	91.9
Exports to U.S.	804.8	971.5	1,020.3

\* Converted from Patacas using average yearly exchange rates of 7.967, 7.976, and 7.979 for years 1996, 1997, and 1998 respectively.

Sources: Based on compilation by Research Department of the Macau Economic Services Bureau.

### **III. POLITICAL ENVIRONMENT**

#### **A. Nature of Bilateral Relationship with the United States**

The U.S. and Hong Kong maintain close and cooperative relations. Hong Kong is our fifteenth-largest trading partner. According to preliminary data from the U.S. Department of Commerce, U.S. direct investment in

Hong Kong through 1998 totaled US\$20.8 billion on a historic cost basis.

The United States maintains a wide number of cultural and educational exchanges with Hong Kong, and enjoys excellent cooperation in law enforcement matters. Over 50,000 American citizens reside in Hong Kong and over 1,100 U.S. companies have offices in Hong Kong.

## **B. Major Political Issues Affecting Business Climate**

Hong Kong became a "Special Administrative Region" of the People's Republic of China on July 1, 1997. The Sino-British Joint Declaration, signed in 1984, and the Basic Law of the Hong Kong SAR, passed by China's National People's Congress in 1990, form the legal basis for China's "One Country, Two Systems" guarantees for Hong Kong. Hong Kong has a high degree of autonomy. China has promised that the social and economic systems, life-style, and rights and freedoms currently enjoyed by Hong Kong people will remain unchanged for at least 50 years. The Hong Kong Government negotiates bilateral agreements (then "confirmed" by Beijing), and makes major economic decisions, on its own. The central government in Beijing is responsible only for foreign affairs and defense of the SAR.

## **C. Political System, Elections, Orientation of Major Political Parties**

When Hong Kong became a Special Administrative Region of China in July 1997, the Basic Law guaranteed the continuation of the rights and freedoms that Hong Kong residents already enjoyed: in essence, the continued rule of law, and the maintenance of Hong Kong's capitalist system for 50 years. In fact, the SAR has maintained its capitalist economic and trade systems, retained the status of a free port and continued a free trade policy with free movement of goods and capital. It retains its status as an international financial center, as can be seen in its active participation in efforts to address the Asian financial crisis. It formulates, on its own, monetary and financial policies and safeguards the free operation of business and financial markets. The Basic Law states that the SAR will maintain its own currency and use revenues exclusively for its own purposes. The Hong Kong Dollar continues to be freely convertible and foreign exchange, gold and securities markets continue to operate as before. Systems currently in place, including Hong Kong's regulatory and supervisory framework, have remained unchanged.

Hong Kong is a free society with legally protected rights. The Basic Law serves as Hong Kong's mini-constitution. Executive powers are vested in the Chief Executive, C.H. Tung, who was selected by a 400-person Selection Committee. The judiciary is an independent body which operates according to the precepts of the Common Law, with certain variations. The Basic Law (article 8) stipulates that the laws in force

in Hong Kong before reversion, except for any which contravene the Basic Law, remain in force. Legislative power rests in the hands of Hong Kong's Legislative Council.

The Rule of Law remains the bedrock of Hong Kong's free market system. Hong Kong's courts are independent and have jurisdiction over all cases except acts of State such as defense and foreign affairs (Basic Law Article 19). The courts exercise judicial power independently, free from any interference (Basic Law Article 85). However, the Basic Law also provides that on matters "which are the responsibility of the Central Government" or affect Chinese Central Government-Hong Kong, the courts may seek an interpretation of the Basic Law from the National People's Congress in Beijing. In June, fearing that the Court of Final Appeal January ruling in the Right of Abode case would result in the influx of more than a million migrants from China, the Hong Kong Government requested and received such an interpretation. If this method becomes routine rather than extraordinary, the Rule of Law and the independence of the judiciary will be gravely undermined.

Prior to 1985, members of the Legislative Council were not elected. Between 1985 and 1995, legislative seats appointed by the Governor were eliminated and an increasing number of legislators were elected either directly from geographic constituencies or by professional, business, and labor groups, called functional constituencies. The first elected legislature under the SAR Government was elected on May 24, 1998 and sworn in on July 2, 1998. Based on the Basic Law formula of 20 geographic seats, 30 seats from "functional" constituencies representing the professions, business sectors, and labor, and 10 seats from an electoral committee, the methods used to elect the legislature limited "pro-democracy" candidates to about twenty out of sixty seats, despite the fact that they received about two thirds of the popular vote. The most popular political party, which only has 600-800 members, is the Democratic Party, which received 43 percent of the vote in the May 1998 election. The left-wing labor union affiliated and generally pro-China DAB (Democratic Alliance for the Betterment of Hong Kong) is the second most popular political party with approximately 25 percent support.

#### **D. Macau Political Scene**

Macau is recognized by both China and Portugal as Chinese territory under Portuguese administration. The "Organic Statute" of 1976, which serves as the constitution, grants it considerable administrative, financial, and legislative autonomy from Lisbon. The Governor, appointed by the Portuguese President, has extensive powers under the Organic Statute. Both the Governor and the Legislative Assembly exercise legislative power. Voters directly elect only one-third of the legislators; the rest are appointed or elected by interest groups. The judiciary is independent. Macau's human rights record is generally good. However, its civil society is relatively weak. Labor unions and

the press have close ties with Beijing.

Under the principle of "one country, two systems" specified in the 1987 Sino-Portuguese Joint Declaration, Macau is to become a special administrative region of China on December 20, 1999. Its economy and way of life are to remain unchanged for 50 years. After reversion, the "Basic Law," promulgated by China's National People's Congress in 1993, is to serve as Macau's Constitution and most of the laws currently in force will continue to apply.

After reversion, recently elected Chief Executive Edmond Ho will lead the government. The elected members of the current Legislative Assembly will maintain their seats through reversion and until the next scheduled election in 2002. Although most senior civil service positions have already been localized, Ho will be leading a relatively inexperienced government.

#### **IV. MARKETING U.S. PRODUCTS AND SERVICES**

For many American products and services, initial market penetration in Hong Kong does not require an investment of millions of dollars of company funds. Given that Hong Kong is a "free port" with virtually no duties or tariffs and that it has a wide ranging network of agents and distributors, a well-managed market penetration program with a moderate investment in market development is generally all that is required initially. The market for U.S. service firms is also quite open. Due to its open nature, however, Hong Kong is among the most competitive and price sensitive markets in the world. Companies considering the market should also be aware that the Hong Kong business climate is extremely fast-paced. Decisions are made quickly and companies need to be able to respond to inquiries immediately or they risk losing the market to faster moving suppliers.

Many American products and services do have a market in Hong Kong, and in many cases through Hong Kong to China. Many excellent agents and distributors for China are located in Hong Kong, although given China's size and diversity, it is usually necessary to work with different agents for different regions of China. Hong Kong companies are eager to talk to potential exporters and have a strong interest in representing good quality, competitively priced U.S. products from companies committed to the market. Commitment to the market is demonstrated in various ways but should include: quoting in metric, providing Chinese language material, responding quickly to inquiries, meeting relevant standards, and visiting the market for first hand understanding and building of relationships.

##### **A. Distribution and Sales Channels**

One of the best ways to sell products in the Hong Kong market is through the use of agents or distributors. It is also an excellent way of minimizing the initial investment in the market. As outlined below, there is a wide range of companies which can serve as agents or distributors for U.S. firms. Other options for pursuing Hong Kong's market are establishing an office or partnering. Companies looking to sell equipment needing long term maintenance or technical support or installation or who are seeking to become involved in infrastructure projects frequently seek to partner with local companies.

**B. Information on Typical Product Pricing Structures (e.g. percent mark-up for products)**

Hong Kong is a very open and competitive market. The actual markup varies depending on the product and the industry. Government contracts, for example, tend to be highly competitive with very thin margins or markups. Consumer goods, on the other hand, have higher markups due to the high local costs, particularly for retail space.

**C. Use of Agent/Distributors; Finding a Partner**

Working with agents and distributors in Hong Kong is very much like working with an agent in the United States. An agent takes orders in the supplier's name. Distributors act in their own name and may stock products purchased from the manufacturer for resale. The choice depends on the relationship with which the manufacturer/supplier is most comfortable and the nature of the business.

Hong Kong has no special legislation regarding agents and distributors.

Virtually anything which both sides can agree to and put into a written contract is acceptable and enforceable, including restrictions on territory and a grace period for termination of the agreement. While not required by Hong Kong law, the more complex the contract, the more helpful legal counsel can be in drafting the text. Items that are often in the contract include:

- Discussion of exclusivity and sales territories (always a sensitive issue; business people should be careful about granting an exclusive agency too soon or in too large a territory if the agent is to cover beyond Hong Kong.)
- Discussion of proprietary information (theft of intellectual property is prohibited by local law, but prevention of piracy is always less expensive and more effective than post-facto legal action.)
- Levels of sales activity -- set specific targets and goals to qualify for maintaining or renewing the agreement



- Time duration
- Payment terms
- Quality control -- inspection -- verification
- Rule of law -- jurisdiction in the USA vs. Hong Kong (It is generally Hong Kong, but another location may be specified -- for arbitration, for example.)
- Covenants restricting activity following cancellation of the contract.

There are many types of agents and distributors in Hong Kong, ranging from those who simply stock retail stores with standard items to agents who provide sales, engineering and technical support for complex systems. It is common for a single company to deal in a wide variety of products in a particular sector. Agents and trading companies may be less specialized than companies in a large economy like the US, but the best ones are focused and have contacts in a general line of business.

#### **D. Franchising**

During the past decade, Hong Kong and the region have been catching on to the concept of franchising. With the rise in household income over the years, there has been growing demand for goods and services of a better, more consistent quality. The number of franchise operations in Hong Kong increased from 52 in 1992 to 111 in 1998. Nearly 80 percent of all franchise sales in Hong Kong are made by U.S. franchises. In addition to foreign franchises, there are also a number of home grown franchises such as fast food, frozen yogurt and herbal tea. The competition that foreign franchises have to face is not minimal, however, market demand continues to grow.

#### **E. Direct Marketing**

Over the years, Hong Kong has developed an efficient wholesale and retail network to cater to the growing consumption needs of a more affluent population. Supermarkets, large department stores, convenience stores and modern shopping centers have become increasingly popular. Shopping is a popular pastime, creating a need for a much wider selection of value for money merchandise. From the consumer standpoint, because of the convenience of having a wide selection of merchandise available in the retail market, direct marketing is not yet a well-accepted sales channel in Hong Kong. Recently there has been some growth in direct marketing through television, but mail-order and other forms of direct marketing are still very limited.

E-commerce looks to be ready to emerge in Hong Kong. The Government is moving on several fronts to try to make up for a slow start in promoting the development of electronic commerce. Its initiatives include a program to deliver government services on-line, the establishment of a community-wide public key infrastructure and a root certification authority, and new legislation to give legal recognition to electronic records and digital signatures. Plans are for government departments to offer services -- including voter registration, bill paying, and tax filing -- on-line beginning in late 2000. The government hopes its use of electronic commerce will spur Hong Kong businesses and individuals to "go digital." Some merchants, including the Wellcome supermarket chain, now offer on-line shopping.

#### **F. Joint-Ventures/Licensing**

Joint-ventures or strategic alliances can be very helpful in entering the market, and are particularly important in competing for major projects. (For additional information on joint ventures, see Section VII below, Investment Climate.)

Licensing is increasingly common in the field of brand name product manufacturing and marketing.

#### **G. Steps to Establishing an Office**

Foreign companies are allowed to incorporate their operations freely in Hong Kong, to register branches, or to set up representative offices. There is no restriction on the ownership of such operations. Company directors are not required to be citizens of, or resident in Hong Kong.

Reporting requirements are straightforward and not onerous. There is no distinction in law or practice between investment by foreign-controlled companies and those controlled by local interests. There are no disincentives to foreign investment such as limitations on the use or transfer of foreign currency, or any system of quotas, performance requirements, bonds, deposits, or other similar regulations. High labor and rental costs are the major disincentives to establishing a presence in Hong Kong although, as noted above, commercial rents have declined by 30-40 percent.

To incorporate or register an overseas company, the company should first file statutory declarations with the Registrar of Companies. It should then submit necessary documents to the Administration Section of the Companies Registry. Specific information on required documents can be found on the Companies Registry's web site (<http://www.info.gov.hk/cr/handouts/index.htm>).

Companies seeking more information on establishing an office in Hong

Kong may contact:

Overseas Companies Section  
Companies Registry  
29/F Queensway Government Offices  
66 Queensway  
Hong Kong  
Tel: (852) 2867-4655  
Fax: (852) 2523-5629  
Web site: <http://www.info.gov.hk/cr>

#### **H. Selling Factors/Techniques**

The major selling factors are the same as in the United States: price, quality, timeliness in delivery and service. Initial sales require more face-to-face contact as Asians generally place a premium on developing personal connections.

#### **I. Advertising and Trade Promotion (including listing of Major Newspapers and Business Journals)**

Many promotional vehicles are open to suppliers to introduce and develop their services in the Hong Kong market. These include:

- special trade fairs and exhibitions
- advertising in the media and other public relations activities
- holding seminars
- in-store promotions
- joint promotions with wholesale and retail outlets

Hong Kong is a major conference and exhibition center. Hundreds of international exhibitions are held annually. The Hong Kong Conference and Exhibition Center (operated by the quasi governmental Hong Kong Trade Development Council), has approximately 500,000 square feet of exhibition space, including 300,000 square feet added in a major expansion completed in the summer of 1997. A privately built facility, the International Trademart, opened in Kowloon Bay in early 1996 with 158,000 square feet of exhibition space. For more information about these exhibition facilities, please contact:

The Marketing Executive  
Hong Kong Convention & Exhibition Center  
No. 1 Expo Drive  
Wan Chai, Hong Kong  
Tel: (852) 2582-8888  
Fax: (852) 2802-7284

The Hong Kong International Trademart

No. 1 Trademart Drive  
Kowloon Bay, Hong Kong  
Tel: (852) 2620-2222  
Fax: (852) 2620-2818

Television is a widely used medium with an estimated daily audience of 2.25 million households out of a population of 6.8 million people. Hong Kong Television also reaches much of neighboring Guangdong Province in China, where it is very popular.

As one of the largest centers in the world for Chinese language publications, the territory produces more than 700 publications, including some 45 Chinese newspapers, approximately 693 periodicals, and two English daily newspapers. Advertising agencies, including many of international standing, offer a full range of services.

Suppliers should provide technical catalogs in English, and desirably in Chinese, for distribution to agents and firms. Company brochures are particularly useful when visiting Hong Kong for the first time. English-Chinese business cards are also helpful.

Newspapers:

Owen Jonathan, Chief Executive  
South China Morning Post  
South China Morning Post Publishers Limited  
29/F, Dorset House,  
979 King's Road,  
Quarry Bay, H.K.  
Tel: (852) 2565-2222  
Fax: (852) 2565-5380  
E-mail: scmphkh@attmail.com  
Web site: www.scmp.com

David Wong, Director in Chief  
Hong Kong Standard  
Hong Kong Standard Newspapers Ltd.  
4/Fl., Sing Tao Building  
1 Wang Kwong Road  
Kowloon Bay  
Kowloon, Hong Kong  
Tel: (852) 2798-2798  
Fax: (852) 2795-3027, 2795-3009  
E-mail: standard@hkstandard.com  
web site: www.hkstandard.com

Trade Journals:

Fred Armentrout, Publication Manager

AmCham (Monthly)  
American Chamber of Commerce in Hong Kong  
1904 Bank of America Tower  
Central, Hong Kong  
Tel: (852) 2526-0165  
Fax: (852) 2537-1682  
E-mail: amcham@amcham.org.hk

James Leung, Executive Editor  
Asian Business (Monthly)  
Far East Trade Press Ltd.  
Block C, 10/F., Seaview Estate  
2-8 Watson Road  
North Point  
Hong Kong  
Tel: (852) 2566-8381  
Fax: (852) 2508-0197  
E-mail: abeditor@hkstar.com  
web site: <http://web3.asia1.com.sg/timesnet/navigator/text/ab.html>

Felix Leung, Publisher  
Construction & Contract News (Monthly)  
Trend Publishing (HK) Ltd.  
Rm. 901 C.C. Wu Building  
302 Hennessy Road  
Wan Chai, H.K.  
Tel: (852) 2802-6299  
Fax: (852) 2802-6458  
E-mail: trend@building.com.hk  
web site: [www.building.com](http://www.building.com)

Karen Mullis, Managing Director  
Far Eastern Economic Review (Weekly)  
Review Publishing Company Limited  
25/F., Citicorp Center  
18 Whitfield Road  
Causeway Bay, Hong Kong  
Tel: (852) 2508-4300  
Fax: (852) 2503-2992  
E-mail: review@feer.com  
web site: [www.feer.com](http://www.feer.com)

Mrs. V.C. Davies, Director General  
Hong Kong Industrialist (Monthly)  
Federation of Hong Kong Industries  
4/F., Hankow Center  
5-15 Hankow Road  
Tsimshatsui, Kowloon  
Hong Kong  
Tel: (852) 2732-3188

Fax: (852) 2721-3494  
E-mail: fhki@fhki.org.hk  
web site: fhki.org.hk

Thomas Tang, Executive Director  
Productivity News (Monthly)  
Hong Kong Productivity Council  
HKPC Building  
78 Tat Chee Avenue  
Yau Yat Chuen, Kowloon  
Hong Kong  
Tel: (852) 2788-5678  
Fax: (852) 2788-5900  
E-mail: hkpcenq@hkpc.org  
web site: www.hkpc.org

Tom Gorman, Director  
Telecom Asia (Monthly)  
CCI Asia-Pacific  
101, 1/F, Pacific Plaza  
410 Des Voeux Rd West  
Central, Hong Kong  
Tel: (852) 2858-0789  
Fax: (852) 2857-6309  
E-mail: marketing@cci.com.hk  
web site: www.cci.com.hk

**J. Pricing Product**

If possible, quote in metric, on a deliverable basis to Hong Kong (i.e. CIF or C&F rather than FOB). Hong Kong companies have many options, so American companies must make it as easy as possible to deal with them.

**K. Sales Service/Customer Support**

Some sort of local presence, whether it is a branch office or an agent or distributor, is very important in getting established in the market.

Business in Hong Kong (and elsewhere in Asia) requires relationships which can only be developed with some sort of full-time presence. Prompt after-sales service is also crucial to succeeding in this very competitive market.

**L. Selling to the Hong Kong Government**

The Government Supplies Department (GSD) is the central purchasing, storage and supply organization for the Government of the Hong Kong Special Administrative Region, serving over 80 government departments

and certain non-government organizations. The GSD normally purchases by open tender, with decisions based on compliance with tender specifications, competitiveness in price, back-up service and delivery. The GSD gives no preference to any particular source of supply from any country or organization. GSD spent US\$644 million in 1998, with American products winning around 37 percent of the total procurement contracts (about US\$238 million). Hong Kong joined the WTO Agreement on Government Procurement in June 1997. Tenders are now covered by the Agreement on Government Procurement of the World Trade Organization (WTO GPA), and a Review Body on Bid Challenges has been set up by the Government to handle challenges made against alleged breaches of the WTO GPA. Invitations to open tender are published in the Government of the Hong Kong Special Administrative Region Gazette and in selected Hong Kong newspapers. Tender notices are also published on the Internet in the GSD Home Page (<http://www.info.gov.hk/gsd>). Tenderers usually have about six weeks to prepare their offers. Tenders normally have a 90-day validity period unless otherwise indicated. Payment is usually effected by check or telegraphic transfer within 30 days upon acceptance of the goods. Contract awards with the names of successful tenderers and contract sums are published monthly in the Government Gazette and on the Internet.

For information about a subscription to the Government of the Hong Kong Special Administrative Region Gazette contact:

Information Officer  
Publications Sales Section  
Information Services Department  
28th Floor, Siu On Centre  
188 Lockhart Road  
Wanchai, Hong Kong  
Tel: (852) 2598-8197  
Fax: (852) 2598-7482.

The GSD maintains lists of registered suppliers for issuing tender invitations. Any company not currently registered with the GSD wishing to be considered for inclusion in these lists may apply in writing to the Director of Government Supplies. Companies are required to provide basic information about their organizations and the goods they offer, such as the business registration certificate, company profile, annual report and product catalogues. The GSD evaluates this information and those companies that are found acceptable will be included on the lists.

The U.S. & Foreign Commercial Service at the US Consulate General in Hong Kong office regularly reports on government tenders. These reports are available via the NTDB. For information call the U.S. Department of Commerce at 1-800 stat-usa.

Companies seeking more information on the GSD are encouraged to contact:

The Director of Government Supplies  
Government Supplies Department  
10/F, North Point Government Offices  
333 Java Road  
North Point, Hong Kong.  
Tel: (852) 2231-5100  
Fax: (852) 2510-7904  
<http://www.info.gov.hk/gsd>

**M. Protecting your product from IPR Infringement**

The best protection for an American company is to aggressively market in Hong Kong. By using a good local agent, American manufacturers or suppliers can make their product legally available. Dealers have a strong incentive to stop any piracy, and with good local connections, have a better chance of making that happen than an American company which is not actively participating in the market. The chief law enforcement body for Intellectual Property Rights (IPR) is the Hong Kong Customs and Excise Department. However, protecting copyrights or trademarks takes vigilance, and even with the U.S. Government vigorously pressing Hong Kong on this issue, enforcement is still dependent on reporting incidents of product piracy to the authorities and, in some cases, providing evidence in court. For more information on intellectual property legislation and registration, see Section VII. G, below.

**N. Need for a Local Attorney**

Hong Kong follows the Common Law System and disputes which cannot be resolved between the interested parties are commonly pursued through the court system. Attorneys are needed for most court processes and are extremely expensive.

**O. Performing due diligence, checking Bona Fides of Banks, Agents and Customers**

To research potential customers and business partners, U.S. businesses can check with the Hong Kong Government's Companies Registry or consult with banks and credit agencies both in the United States and Hong Kong.

All businesses must register with the Hong Kong Government's Companies Registry. Information available to the public is limited to: date of registration, names of major shareholders/directors and investment capital. The Companies Registry is located at:

12/F., 66 Queensway  
Government Offices  
Hong Kong



Tel: (852) 2867-4570  
Fax: (852) 2869-6817

Other sources include Dun & Bradstreet and Kroll Associates, and publications such as "Key Decision - Makers in Hong Kong Businesses 1997" by the Dun & Bradstreet Corporation or "Guide to Hong Kong Companies" by Thornton (1996). Contact information for major banks and trade associations is included in Section X, Appendix E. Contact information for Dun & Bradstreet and Kroll Associates is provided below:

Dun & Bradstreet:                      Credit Services  
    17/F, Warwick House West  
    Taikoo Place  
    979, King's Road  
    Quarry Bay  
    Hong Kong  
    Tel: (852) 2516-1111  
    Fax: (852) 2811-0053

Kroll Associates (Asia) Ltd.: Suite 1701-1702 Central Plaza  
    18 Harbor Road  
    Wanchai  
    Hong Kong  
    Tel: (852) 2884-7788  
    Fax: (852) 2568-8505

## **V.      LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT**

Hong Kong, with the second highest per capita income in Asia, continues to offer good opportunities to U.S. businesses despite the economic slowdown that this region has been mired in for nearly two years. Telecommunications products and services are among the most promising as Hong Kong continues to liberalize its telecommunications market. Interest in computers and other information technology products should remain high given their high priority in the Hong Kong Government's agenda, and given the anticipated growth in electronic commerce. Plans for a Cyberport and a Science Park in Hong Kong and continued environmental spending suggest strong markets for scientific equipment and pollution control products. Increasing consumer sophistication is also leading to growth in areas such as cosmetics, insurance services, medical equipment and franchising. Other "best prospect" sectors include paper products to support Hong Kong's large printing and publishing industry, and building materials for residential and commercial projects.

Total U.S. agricultural exports to Hong Kong reached US\$1.48 billion in 1998, making Hong Kong the 7th largest export market for U.S. agricultural products. For Asia, Hong Kong ranks as the fourth largest U.S. agricultural export market among 18 Asian countries after Japan,

the Republic of Korea, and Taiwan. In 1998, U.S. agricultural exports to Hong Kong decreased 12.8 percent from 1997's US\$1.7 billion due to the onset of recession in early 1998 and the regional financial crisis. If seafood and forestry products are included, the 1998 total reached US\$1.6 billion. Hong Kong has become an increasingly important market for consumer-oriented American foods, ranking as the fourth largest importer of consumer-oriented agricultural products after Canada, Japan and Mexico. Hong Kong imported US\$1.07 billion of consumer-oriented products in 1998.

There is also potential growth for U.S. grocery line items as the number of food retail outlets continues to increase. Because of established ties and advantageous trading arrangements, most of Hong Kong's grocers have traditionally looked to the United Kingdom, Europe, Australia and New Zealand for supplies. In recent years, however, those buying habits have been shifting and many American items are now available on local shelves at highly competitive prices. U.S. style warehouse/club retail stores in Hong Kong continue to grow. Unlike most supermarket chains, there are no slotting fees, giving U.S. companies access to this highly competitive market. Over the past few years a variety of new players have joined the local retail scene, such as Carrefour. Additionally, traditional supermarkets such as Park'N Shop have adopted the warehouse concept and have dedicated space in some of their stores for bulk items. A host of other new players have also entered the market and include Guangnan KK, City Super and Market Republic.

#### **A. Best Prospects for Non-Agricultural Goods and Services**

Following is a list of the non-agricultural goods and services best prospects sectors for U.S. exporters to Hong Kong:

<u>No.</u>	<u>Code</u>	<u>Sector Description</u>
1	TEL	Telecommunications Equipment
2	TES	Telecommunications Services
3	INS	Life Insurance
4	CPT	Computers/Peripherals
5	CSF	Computer Software
6	PAP	Paper
7	AIR	Aircraft/Parts
8	FRA	Franchising
9	COS	Cosmetics/Toiletries
10	LAB	Laboratory/Scientific Instruments
11	FPP	Food Processing/Packaging Equipment
12	RRE	Railroad Equipment
13	MED	Medical Equipment
14	POL	Pollution Control Equipment
15	MCS	Environmental Consultancy Services

16	DRG	Drugs/Pharmaceuticals
17	BLD	Building Products

Note: All Figures in U.S. Dollar millions unless otherwise indicated.

# 1. TELECOMMUNICATIONS EQUIPMENT (TEL)

For many years Hong Kong has been an important market for telecommunications equipment in the Asia Pacific region. The Hong Kong Government's decision in May of 1999 to further liberalize the telecommunication services market will stimulate additional demand for new equipment. The granting of Wireless Local Loop licensees will create a need for local multipoint distribution service (LMDS) equipment and related support systems. New licensees offering international service via satellite will require new ground stations and all the necessary ancillary equipment. In addition, existing fixed line and cellular operators continue to aggressively expand their physical networks and range of services. This will maintain the strong demand for switches, network hardware and software, administrative and billing systems, in-building cabling, planning software, testing equipment, and outside plant equipment such as optical fiber cables.

As of the end of March, 1998, there were 4.6 million telephone sets in Hong Kong, serviced by 3.68 million exchange lines (of which 42.1 percent were business exchange lines), and 346,000 dedicated facsimile lines. The telephone density was 71 telephone sets and 56.54 lines per 100 people, the highest in Asia. International Direct Dialing service is available to over 230 countries and 1,300 mainland cities. These figures are expected to increase with the introduction of additional competition and new value-added services.

The mobile telecommunications market in Hong Kong continues to increase its already phenomenal market penetration. By the end of 1998, the penetration rate of mobile phone subscribers in Hong Kong surpassed 45 percent, the highest in the world outside Scandinavia. Further, the introduction of mobile phone number portability in March of 1999 further intensified an already competitive market. To attract and retain customers, the operators are starting to introduce new data and other value added services to their networks.

With the growing popularity of the Internet, the demand for high-speed modems remains high. In addition, local operators are introducing broadband services via xDSL (digital subscriber loop) and cable modems. Given the ongoing global trend toward convergence of the telecommunications, information technology, and broadcasting industries, the demand for products such as multimedia and IP (Internet protocol) hardware continues to expand. Technologies such as Asynchronous Transfer Mode, frame relay, and encryption solutions are also in high demand.

Finally, Hong Kong remains an important distribution and sourcing point for China's telecommunications market. As China's own telecommunications market continues to grow, Hong Kong will continue to benefit from the great demand in China for telecommunications equipment.

#### **Value of Telecom Equipment Products**

	1997	1998	1999
Total Market Size	4,621	4,912	5,572
Total Local Production	1,207	1,267	1,203
Total Exports	4,293	4,593	4,363
Total Imports	7,707	8,238	8,732
Total Imports from the US	754	947	1,135

All figures are in US\$ million. The above statistics are unofficial estimates.

## **2. TELECOMMUNICATIONS SERVICES (TES)**

In early May this year, the Hong Kong Government announced its decision to extend the moratorium on new fixed wireline licenses from 1999 to the end of 2002. However, the Government will allow companies to offer local service by using Wireless Local Loop (WLL) technologies, such as MMDS/LMDS (local multipoint distribution service), which the existing four Fixed Telecommunications Network Service (FTNS) providers have not offered to date. This presents an opportunity for companies to offer an alternative to Hong Kong Telecom for broadband data as well as traditional voice services. An unspecified number of licenses will be issued at the end of 1999. This provides market entry opportunities for operators who can offer fixed service via new wireless equipment such as intelligent base stations or residential pico-cells. Furthermore, the government will allocate new frequencies for the WLL licensees. This could include LMDS frequencies as well as 2Ghz frequencies.

The government has also decided to further open the External Facilities-based market effective January 1, 2000. Currently Hong Kong Telecom is the only provider of international capacity. Other companies can offer IDD service via International Simple Resale (ISR) of HKT's capacity. Beginning next year, the other three FTNS operators will also be allowed to operate their own facilities-based international services to compete with HKT. In addition, companies that offer non-wireline facilities-based international service (primarily satellite communications) can also get a license. Because there are seven satellites currently

serving Hong Kong, new licensees can establish new international telephony gateways by using satellite uplinks to provide international services. Companies that invest in bringing physical cable to Hong Kong can also get this external facilities license.

On the cellular side, currently there are three cellular licensees operating five networks (1 CDMA, 1 TDMA, 3 GSM), as well as 6 PCS (GSM 1800 frequencies) licensees. Although no more licenses will be offered in the near future, there are opportunities for partnerships or other arrangements to provide these companies with enhanced technologies and value-added services to assist them to differentiate themselves in this very competitive market.

	1997	1998	1999
Telephone lines	3,624,000	3,707,000	3,747,000
Fax lines	364,630	359,779	342,671
Outgoing International Traffic	1.74 B min.	1.72 B min.	1.75 B min.
Incoming International Traffic	2.12 B min.	1.96 B min.	2.10 B min.
Cellular mobile Subscribers	1,830,000	2,080,000	3,500,000

### 3. LIFE INSURANCE (INS)

As Hong Kong's affluence has grown, so has the market for life insurance. In 1998, despite the Asian financial turmoil, the life insurance business grew 17 percent, with premium receipts of US\$ 2.9 billion.

In 1998, U.S. insurance firms accounted for 10 percent of Hong Kong's 209 insurance firms but enjoyed a 45 percent market share. Companies such as American International Assurance (AIA), CIGNA Worldwide, Metropolitan Life, Prudential Insurance, and New York Life are dominant in Hong Kong's life insurance industry. AIA has an approximate 20 percent market share, followed by Manulife (Canada) and National Mutual (Australia). Other major competitors are HSBC Life (Bermuda), Prudential Assurance (UK), Top Glory Insurance (Bermuda), Royal & Sun Alliance (Isle of Man), East Asia Aetna (Bermuda), CMG (Bermuda), and Eagle Star Life (UK).

Market commentators predict that life, not property and casualty, will continue to be the main growth area in the insurance business. With approximately 30 percent of the population covered by individual life policies and an increase in the average age of the population, there is clear potential for further expansion.

The most significant development in Hong Kong's life insurance market is the introduction of the Mandatory Provident Fund (MPF), a mandatory retirement protection scheme. The Hong Kong Government expects to launch the scheme in mid-2000. The MPF will include all employees between age 18-64 in Hong Kong. The estimated market for the MPF in 2000 is approximately US\$ 22 billion.

	1997	1998	1999
Number of Insurers	214	209	220
Population with insurance coverage	30%	33%	40%
Number of U.S. Companies	19	20	22
U.S. Market Share	40%	45%	48%

The above statistics are unofficial estimates.

#### 4. COMPUTER AND PERIPHERALS (CPT)

Despite the regional economic downturn, Hong Kong's total IT spending reached USD 2.6 billion in 1998, up from USD 2.2 billion in 1997. Industry observers predict that Hong Kong's IT spending will grow at a nine percent average annual rate between 1999 and 2001.

Under its Digital 21 IT strategy, the Hong Kong Government is committed to a number of projects that promote the development of the local IT industry. These include:

Outsourcing Hong Kong Government IT projects. In FY 1998 estimated government spending on IT was US\$ 270 million, an 11 percent increase over 1997. Beginning in FY 1999, the Government will outsource all of its IT development and maintenance projects, and hopes to outsource two-thirds of its new IT projects by 2001. U.S. firms are off to a good start in landing this business. For example, Hewlett Packard won the first outsourcing contract offered by the Hong Kong Government.

Development of a Public Information Infrastructure. The Government has allocated US\$ 22 million for an Electronic Service Delivery (ESD) Project that will deliver government services on-line 24-hours a day, seven days a week. Besides providing more effective and efficient

government services for the public, the ultimate objective of ESD is to provide an open, common information infrastructure which can serve as a platform for the private sector to conduct electronic business.

Establishment of a Public Key Infrastructure (PKI) and a Certification Authority. To support the ESD system and to instill public confidence in the security and integrity of electronic transactions, the Government has budgeted US\$ 10 million to establish a public key infrastructure to identify parties involved in on-line trading. Demand for PKI from other industry sectors will provide substantial opportunities for U.S.firms.

IT in Education. The government has a five-year strategy to promote IT in education. The target is to teach 25 percent of the school curriculum through IT. This will involve not only the provision of hardware, but also the development of educational software to meet the needs of local students. This should create tremendous business opportunities for educational application software and equipment for U.S. companies in the coming years.

The government's initiative to build e-commerce infrastructure is expected to stimulate the private sector to use e-commerce and the internet for routine business transactions. Small and medium size companies that cannot afford to build their own network will be able to ride on the public infrastructure and benefit from e-trading. Another noticeable trend is the emerging demand for IT solutions and IT service outsourcing. Aside from the Hong Kong Government's outsourcing strategy, a number of large corporations are starting to look into the cost of outsourcing all or part of their IT operations. This will drive up demand for IT total solution consultants and services.

Best Sales Prospects: e-commerce related networking equipment, voice over IP devices, network management devices, remote access equipment, wireless networking equipment, virtual private network devices, video conferencing devices, data warehousing products. The U.S. is the market leader for these products. U.S. networking equipment companies such as Cisco, 3Com, Lucent, Bay Network, Intel, Shiva, and Hayes pretty much dominate the networking equipment market.

On the PC side, competition is very keen, with Compaq, Hewlett Packard, IBM and Dell maintaining their position as leaders, followed by Acer and NEC. Notebook PC market leaders are Compaq, Hewlett-Packard, IBM, NEC, Toshiba and Acer. On the printer side, Hewlett Packard, Canon, Epson, and Xerox dominate the market.

	1997	1998	1999
Total Market Size	1500	1700	1785
Total Local Production	446	370	389

Total Exports	4724	4044	4246
Total Imports	5778	5374	5642
Total Imports from the U.S.	2200	2046	2143

All figures are in US\$ million. The above statistics are unofficial estimates.

#### 5. COMPUTER SOFTWARE (CSF)

According to a local market survey, customer spending on software and services in Hong Kong has grown from US\$770 million in 1997 to US\$940 million in 1998 and is projected to grow to US\$1.4 billion in 2001. At present, 75 percent of the 1,800 packaged-software products available in Hong Kong are imports. The United States supplied over 50 percent of the total imported software in 1998.

Web-based applications, multimedia and e-commerce will continue to be the main areas of growth. E-commerce, which requires heavy re-engineering and the development of new business models, will provide excellent business opportunities for software and solutions.

Local Internet Service Providers (ISPs) are keenly interested in value-added services such as Voice over Internet Protocol (VOIP) and Virtual Private Network Solutions (VPNs).

Enterprise applications are another growth area. Demand for business-critical applications such as Enterprise Resources Planning (ERP) and Supply Chain Management (SCM) is taking off. To survive the economic downturn in the region, companies are using ERP to integrate or re-engineer their business process, reduce expenses, and improve customer service. Macola, Fourth Shift, QAD, Bann, Platinum, Oracle are some of the U.S. solution providers.

Y2K solutions will still be in demand for small to medium-sized companies that seek last-minute or post-Y2K conversion services or replacement systems. Educational software and content providers and computer graphics will also be in demand.

	1997	1998	1999
Total Market Size - Products *	70	90	
108			
- Services **	700	850	
1020			



Total Local Production - Products *	18	30	36
Services **		600	630
756			
Total Exports - Products *	98	140	168
Total Imports - Products *	150	200	240
Total Imports from the U.S. - Products*	80	90	108

\* Standard software packages sold in recorded media form for other than sound or images.

\*\* Customized software systems and services sold usually on a project basis.

All figures are in US\$ million. The above statistics are unofficial estimates.

#### 6. PAPER (PAP)

There are two groups of paper users: the printing sector and the packaging sector. These two sectors' performance depends largely upon other industry users, e.g., advertising, textiles and electronics. The Asian financial crisis which swept through Hong Kong and its major export markets in 1997 and 1998 had a negative impact on the entire manufacturing industry, and indirectly affected Hong Kong's overall paper consumption. While paper imports decreased 19 percent in 1998 from 1997, high paper consumption should resume soon.

Hong Kong is the world's fourth biggest printing and publishing center. It is home to 45 newspapers, 693 registered periodicals and approximately 150 international media organizations. Its strategic location, excellent transport and telecommunications networks, and freedom of the press have all contributed to the industry's success.

The printing and publishing industry is the third largest manufacturing industry in terms of gross output and is the second largest employer in Hong Kong's manufacturing sector. In 1998, the industry employed approximately 44,000 workers in its more than 4,700 establishments and gross output was estimated at US\$3.3 billion. The average annual growth rate for the industry was approximately five percent for the last five years despite a sluggish economy in late 1997 and 1998. Prospects for the industry remain promising as Hong Kong's telecommunications infrastructure continues to improve, and its industrialists continue to invest in modern printing equipment such as six or more color automatic printing machines and computerized printing production management systems.

The packaging sector serves primarily local manufacturers in Hong Kong or their production facilities set up in Mainland China. In 1998, there were approximately 500 establishments in the packaging industry, employing more than 3,000 workers. Gross output for the industry was estimated at more than US\$450 million. Due to an increasing environmental awareness, and global demand for biodegradable packaging materials, the outlook for paper packaging remains bright.

	1997	1998	1999
Total Market Size	1,275	952	1,140
Total Local Production	400	380	390
Total Exports	1,507	1,348	1,400
Total Imports	2,382	1,920	2,150
Total Imports from the U.S.	449	315	405

All figures are in US\$ million. The above statistics are unofficial estimates.

#### 7. AIRCRAFT AND PARTS (AIR)

Hong Kong's new airport located at Chek Lap Kok, approximately 25 kilometres west of Hong Kong's central business district, opened in July 1998. The airport, which operates 24 hours a day, had initial annual capacity for 35 million passengers and three million tons of cargo. The second runway commenced operation on May 26, 1999, bringing the annual capacity of the airport to 87 million passengers and nine million tons of cargo.

At present, Hong Kong is served by 65 scheduled airlines which operate 2,920 direct flights in and out of Hong Kong weekly to 100 cities. Although these numbers are below initial projections because of the regional economic downturn, they are projected to increase as the region's economy continues to recover. Hong Kong has three locally-based airlines (Cathay Pacific, Hong Kong Dragon Airlines and Air Hong Kong) which own a total of 82 aircraft. Macau opened its airport in 1995, with one locally-based airline, Air Macau. Replacement needs and expansion opportunities both in Hong Kong and Macau continue to create a demand for more aircraft and parts.

At present, the Hong Kong Aviation Engineering Company (HAECO) provides both line and base maintenance services for aircraft. China Aircraft Services Ltd. and Pan Asia Pacific Aviation Services Ltd. both provide

base service. The expected increase in aircraft movements made available by the larger capacity of the airport will increase the demand for aircraft maintenance parts. Also, nearly half of Hong Kong's re-export of aircraft parts go to Mainland China, where the aviation industry has been growing rapidly, and it is projected that parts demand for replacement and maintenance purposes will increase tremendously.

In Hong Kong, the United States already maintains a 34 percent and 50 percent share of the import market for aircraft and aircraft parts, respectively. American aircraft and parts manufacturers' long established reputation in Hong Kong should enhance their competitiveness still further in the expanded market after 2000.

	1997	1998	1999
Total Market Size	467	1,814	1,996
Total Local Production	0	0	0
Total Exports	108	111	122
Total Imports	575	1,925	2,118
Total Imports from U.S. (*)	162	752	827

\* This includes imports of both aircraft and parts. For 1998, the figure reflects mainly the purchase of 14 new aircraft. For 1997, the figure represents mainly aircraft parts imports. We estimate that imports of U.S. aircraft parts is growing at a 10 percent annual rate.

All figures are in US\$ million. The above statistics are unofficial estimates.

#### 8. FRANCHISING (FRA)

The number of franchise operations in Hong Kong increased from 52 in 1992 to 111 in 1998. Nearly 80 percent of all franchise sales in Hong Kong are made by U.S. franchises. The 111 franchise operations in Hong Kong (60 percent foreign) operate approximately 2,000 outlets. Master franchisees operate about half of these foreign franchises and do not have sub-franchising activities. Food-related franchises dominate the market, occupying 37 percent, whereas retailing and other services account for 18 percent and 45 percent, respectively. A growing number of local bakeries and herbal tea shops have adopted franchising as a preferred method of market expansion.

Technology franchising (such as computer training), commercial cleaning and maintenance service franchises have all become popular in Hong Kong

in recent years. Nearly all of these franchises are from overseas.

Well-known U.S. brands such as Hardee's, Haagen-Dazs, Jack-in-the-Box, KFC, McDonald's and Futurekids are well received by Hong Kong customers.

Foreign brands such as Benetton (apparel), Fujicolor (photo products), IKEA (furniture) and Yoshinoya (fast food) are also popular.

Hong Kong's high per-capita income and westernized lifestyle offer tremendous opportunities to interested U.S. franchise firms.

	1997	1998	1999
Total sales by franchises	859	902	992
Sales by local franchises	172	181	199
Sales by foreign franchises	687	721	793
Sales by U.S. franchises	670	703	773

All figures are in US\$ million. The above statistics are unofficial estimates.

#### 9. COSMETICS AND TOILETRIES (COS)

With a US\$24,653 per-capita GDP, Hong Kong's sophisticated, bilingual consumer market offers outstanding opportunities for American cosmetics and toiletries.

In 1998, Hong Kong's cosmetics and toiletries imports were US\$1 billion. Of this, US exports had a healthy 17 percent market share, due to an excellent reputation for quality, especially for medium to high-end products. Well-known brand names such as Nu Skin, Max Factor, Avon and Revlon are popular in the market.

Hong Kong consumers prefer foreign cosmetics, so U.S. exporters face keen competition from both Japan and Europe. In order to maintain their competitiveness, U.S. suppliers frequently introduce new products such as concept nails, whitening powder and age management kits.

Tourism, the territory's second largest earner of foreign exchange, also provides a substantial market for cosmetics and toiletries. Tourists that visit Hong Kong make cosmetics and perfume prime targets for their shopping. In 1998, tourists spent nearly US\$200 million on cosmetics, while spending on perfume topped US\$70 million.

In order to assist U.S. exporters, the U.S. cosmetics industry organizes a pavilion at the annual Cosmoprof Asia Show, supported by FCS Hong

Kong. Historically, U.S. companies have enjoyed tremendous success during this show. As these companies have realized, Hong Kong is important both as a major market in its own right, and as a springboard for exporting U.S. cosmetics products to the rest of the region.

	1997	1998	1999
Total Market Size	1,652	1,465	1,758
Total Local Production	565	491	589
Total Exports	114	81	97
Total Imports	1,201	1,055	1,266
Total Imports from the U.S.	203	176	211

All figures are in US\$ million. The above statistics are unofficial estimates.

#### 10. LABORATORY AND SCIENTIFIC INSTRUMENTS (LAB)

Over the past two decades, Hong Kong has transformed itself from a manufacturing to a service-oriented economy. In 1998, the manufacturing sector contributed less than 10 percent to Hong Kong's total GDP. Without a solid manufacturing base, Hong Kong has found itself facing economic difficulties during the recent economic downturn. In light of this, in late 1998 the Hong Kong Government announced various initiatives to diversify the economy by creating more favorable conditions for hi-tech industry sectors to grow. Initiatives to help strengthen the manufacturing and hi-tech industries include: establishing an Applied Science and Technology Research Institute; setting up of an Innovation and Technology Fund with an injection of US\$650 million; and stimulating the collaboration of academic institutions and industry in research and development. All these measures and activities will generate an increase in demand for laboratory and scientific instruments.

Another plan high on the Hong Kong Government's agenda is to make Hong Kong the international center for Chinese medicine, in part through the application of the latest technology. To facilitate the commercialization of Chinese herbal health food and medicinal products in the global market place, detailed analysis of the chemical content of Chinese herbs is critical, thus further fueling a demand for quality laboratory and analytical instruments.

1997	1998	1999
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Total Market Size	586	402	445
Total Local Production	160	145	150
Total Exports	921	964	980
Total Imports	1,347	1,221	1,275
Total Imports from the U.S.	404	367	390

All figures are in US\$ million. The above statistics are unofficial estimates.

#### 11. FOOD PROCESSING & PACKAGING EQUIPMENT (FPP)

The food and beverage industry is the fourth largest manufacturing industry in Hong Kong in terms of gross output and employment. Owing to an increasing population, a change in lifestyle and a significant tourism industry, the industry has experienced an average growth of more than five percent per annum since 1993. The recent economic slowdown has had some negative effects on the industry, but the future remains promising as signs of recovery emerge. In 1998, approximately 650 establishments in the industry employed more than 20,000 workers, and the industry's gross output was estimated at approximately US\$2.5 billion. Of the total production, about 20 percent (or US\$500 million) was for export.

The majority of Hong Kong's food and beverage output serves local consumers. However, due to an increasingly competitive domestic market and a growing interest in Chinese cuisine overseas, there is a rising trend to produce export-oriented food products. The major export markets include Japan, the United States and Mainland China. To meet Hong Kong's and western export markets' tightening food hygiene standards, the food and beverage industry has imported the latest in food processing and packaging machinery. Many local producers have also installed their own R&D units and laboratories to develop new recipes and upgrade product quality. Further, due to a growing international concern for the environment, Hong Kong's food and beverage manufacturers have started to invest in newer and more environmentally friendly packaging methods. In addition, the local government has funded the establishment of the Food Packaging Technology Center to promote safe, high quality food packaging.

In late 1998, the Hong Kong Government announced its commitment to make Hong Kong an innovation and technology center in the region. Among the various initiatives the government will support include positioning Hong Kong as a world center for health food development and production based on Chinese medicine. This will further stimulate the growing utilization of modern food processing and packaging equipment.

	1997	1998	1999
Total Market Size	112	79	105
Total Local Production	10	15	15
Total Exports	145	136	140
Total Imports	247	200	230
Total Imports from the U.S.	28	17	30

All figures are in US\$ million. The above statistics are unofficial estimates.

## 12. RAILROAD EQUIPMENT (RRE)

Although the downturn in the Asian economies is slowing down projects in some countries, the Hong Kong Government is actually accelerating its infrastructure developments. In the next five years, Hong Kong will invest more than US\$15 billion to expand its railway network, which will include domestic and cross-border links. The priority railway projects consist of the West Rail, Tseung Kwan O Extension (TKO), Tsimshatsui Extension (TST), Ma On Shan Extension (MOS) and Lok Ma Chau Spur Line (LMC), all of which will come into operation between 2002 and 2004. With the exception of TKO, which is a Mass Transit Railway Corporation (MTRC) project, the rest are all Kowloon-Canton Railway Corporation (KCRC) developments. Construction for the West Rail and TKO already commenced in late 1998. The Hong Kong Government further approved KCRC to proceed with the detailed planning and design of the TST and MOS in September 1998. LMC, which is the second rail crossing between Hong Kong and China, was granted the go-ahead by the Hong Kong Government in June 1999.

For the next several years, Hong Kong's railway operators will be pre-qualifying and awarding the construction and system-wide contracts associated with these railway network projects in phases. (Note: the system-wide contracts refer to areas such as electrical & mechanical projects, rolling stock and fare collection systems) Traditionally, few U.S. construction companies have been active in Hong Kong. However, U.S. equipment suppliers, especially in signaling and communications, environmental protection and train control system, have successfully taken part in Hong Kong's railway expansion and refurbishment projects. In light of the huge expenditure planned for the series of railway projects, which will create an expanding market for railroad equipment, the outlook for American railroad products is very promising.

	1997	1998	1999
Total Market Size	91	290	500
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	91	290	500
Total Imports from the U.S.	3	9	15

All figures are in US\$ million. The above statistics are unofficial estimates.

### 13. MEDICAL EQUIPMENT (MED)

The market potential for U.S. medical products is strong. Total medical equipment imports in 1998 were US\$727 million. U.S. companies have the largest share of the market, with imports from the United States reaching US\$223 million in 1998, approximately 30 percent of the total. American, German and Japanese equipment dominate the Hong Kong medical equipment market. German products are extremely popular with the medical industry in Hong Kong due to their durability and reliability, while Japanese products are popular because the devices tend to be compact and versatile, and because Japanese companies typically offer extremely competitive prices.

The Hong Kong Government's Hospital Authority is the principal customer for medical equipment. Best prospects for American suppliers include medical devices/equipment for diagnosing and treating malignant neoplasms, heart disease, cerebrovascular diseases, chronic liver disease, cirrhosis and septicaemia. Other promising areas include equipment for diabetes mellitus, respiratory disease, cancer treatment, blood and virus analyzers and X-ray equipment, as well any equipment with leading-edge technology.

In recent years, the Hong Kong Government has placed more emphasis on rehabilitation for the disabled and for the elderly. Best prospects for rehabilitation equipment are: assessment equipment and tools, functional equipment and tools, therapeutic equipment for heart disease and for pain reduction and exercise equipment.

	1997	1998	1999
Total Market Size	220	175	193
Total Local Production	48	42	57



Total Exports	552	594	620
Total Re-exports	504	552	563
Total Imports	724	727	756
Total Imports from the U.S.	235	223	227

All figures are in US\$ million. The above statistics are unofficial estimates.

#### 14. POLLUTION CONTROL EQUIPMENT (POL)

In the next five years, U.S. firms will enjoy good opportunities in pollution control equipment as planned infrastructure projects come on line and as industry works to comply with environmental regulations. The key opportunity areas for U.S. firms are municipal sewage, industrial wastewater, air pollution control and solid waste minimization equipment.

To cope with Hong Kong's environmental infrastructure requirements, the government anticipates awarding over US\$ 900 million of project contracts from 1999 to 2001. Projects currently being awarded or planned include: municipal sewage treatment systems and related equipment for US\$ 500 million; two refuse transfer stations for US\$ 65 million; two landfill restoration sites for US\$ 80 million; two one-million ton per year waste-to-energy incinerators for US\$ 300 million; and a low-level radioactive waste storage facility for US\$ 20 million. Equipment to support these projects typically accounts for 15-20 percent of the project cost, and will offer over US\$ 150 million in sales opportunities for U.S. suppliers.

There are also many business opportunities in pollution prevention and control technologies. In May 1999, the Hong Kong Government announced its intention to use catalytic converters on the existing fleet of diesel buses and trucks to reduce particulate emissions. It is estimated that a total of 7,700 diesel vehicles (40 percent of the existing diesel fleet) require retrofitting of their converters during the next three years, and this provides over US\$ 15 million in sales opportunities. In addition, the government has plans to replace a fleet of 18,000 taxis currently using diesel as fuel with cleaner liquefied petroleum gas (LPG). It is expected that about 3,000 taxis will be replaced each year during the next six years, which will open up opportunities for the sale of LPG vehicles and refueling equipment. In May 1998, the government put forward a waste reduction framework plan which includes a policy of waste avoidance, minimization, and material recycling. The goals are to reduce the amount of waste requiring

disposal, to prolong the service life of landfills, and to reduce the costs involved in transporting, disposing, and treating the waste. Total waste reduction cost, including waste minimization technologies and management service, will be US\$ 300 million over the ten year period 1998-2008. This should provide excellent opportunities for U.S. firms, as U.S. technology is considered highly competitive in Hong Kong's market.

In 1996, the government implemented water quality control zone effluent discharge regulations for Hong Kong waters. The Hong Kong Industry Department estimates that the total cost of compliance for Hong Kong's two thousand factories now affected by the water quality control zone will reach US\$ 200 million, spread over a period of five to eight years. The key industries requiring wastewater control equipment are electroplating, printed circuit board, bleaching and dyeing, food processing, and printing.

Year	1997	1998	1999
Total Market Size	228	224	230
Total Local Production	12	18	20
Total Exports	48	54	60
Total Imports	264	260	270
Total Imports from the U.S.	89	95	98

All figures are in US\$ million. The above statistics are unofficial estimates.

#### 15. ENVIRONMENTAL CONSULTANCY SERVICES (MCS)

The International Organization for Standards (ISO) 14000 series of Environmental Management Systems (EMS) has been developing in Hong Kong since 1995, as a means for companies to conform to tightening environmental regulations. After four years of EMS development, many business leaders recognize that developing an EMS is an effective way to improve the image of their organization, in addition to being responsible corporate citizens.

The next five years will see more opportunities for the provision of EMS consultancy and training courses. Many industry leaders believe that building/construction and service/manufacturing companies will be the first to seek ISO 14000 certification. This will create a favorable environment for U.S. companies that provide EMS training. It is estimated that the market size for EMS consultancy is US\$ 2 million with

annual growth of three to five percent.

In addition, Hong Kong passed the Environmental Impact Assessment (EIA) Ordinance in April 1998. Under the EIA Ordinance, all major infrastructure projects are required to conduct environmental impact assessments and ecological evaluations before starting any construction work. In the next five years, Hong Kong has plans to construct major infrastructure projects, including the West Rail, Route 7, and an incineration facility. These projects will provide opportunities for U.S. environmental consultancy firms to bid on the environmental assessment portion of these projects. It is estimated that the market size of the EIA consultancy service market is US\$ 30 million per year over the next three years.

Year	1997	1998	1999
Total Market Size	15	25	32
Total Local Production	2	5	8
Total Exports	0	0	0
Total Imports	13	20	24
Total Imports from the U.S.	4	8	11

All figures are in US\$ million. The above statistics are unofficial estimates.

#### 16. DRUGS/PHARMACEUTICALS (DRG)

Sales potential for U.S. medicines in Hong Kong is substantial. Total pharmaceutical imports in 1998 reached US\$1.1 billion, and demand for pharmaceutical products will continue to expand. The population is projected to increase from 6.8 million in 1998 to 7.3 million by 2006, while the percentage of elderly persons in the total population is projected to increase from 10.2 percent in 1998 to 11.2 percent in 2006. In addition, Hong Kong also re-exports an increasingly large quantity of imported pharmaceutical products to China.

Hong Kong consumers generally consider U.S. pharmaceuticals to be effective and safe. Other major pharmaceutical suppliers to Hong Kong include the United Kingdom, Germany, China and Australia.

The over-the-counter drug market in Hong Kong enjoyed six percent growth in 1998. There is increasing demand for new vitamins and dietary supplement products for toddlers and osteoporosis supplements for elders, while middle age consumers (particularly women) seek natural

remedies for dieting and nutrition.

The Pharmacy and Poisons Board at the Department of Health requires registration of all drugs (including OTC drugs) in Hong Kong. The process takes approximately six to nine months.

	1997	1998	1999
Total Market Size	360	345	367
Total Local Production	180	172	175
Total Exports	966	882	926
Total Re-exports	864	781	812
Total Imports	1,146	1,055	1,118
Total Imports from the U.S.	91	93	95

All figures are in US\$ million. The above statistics are unofficial estimates.

#### 17. BUILDING PRODUCTS (BLD)

Heading into the new millennium, Hong Kong is striving to become a city that is innovation led and technology intensive, while maintaining its international and cosmopolitan nature. The call for a better quality of life, concern for sustainable development and the natural environment will be reflected in future building standards, and hence the need for energy efficient and environmentally friendly building materials and technology.

Despite the economic downturn dampening activities in the local construction market, particularly in the private property market, opportunities continue to exist in the areas of housing, healthcare, schools, environment, entertainment and infrastructure projects. The Hong Kong Government is planning to invest US\$30 billion in road, rail, land formation, housing, and port development during the next five years, and urban renewal as well as development of new land for housing is also high on the government agenda.

A few examples of planned Hong Kong projects are: the US\$4.7 billion "City within a City" Kai Tak redevelopment project, Cyberport (a US\$1.6 billion high-technology project) and a possible Disney theme park project. It is expected that the demand for building products in satisfying the needs for these projects alone will be substantial in the coming years. Further, Hong Kong continues to be a major re-exporter to

the Chinese Mainland.

Hong Kong relies heavily on imports of building products because local production is too small to meet demand. In the import market, competition is keen with major players from China, Japan, Italy, Germany, Spain and the United Kingdom competing against U.S. companies. However, strength of American products lies in their quality and advanced technology. U.S. companies should target the high-tech niche, as well as environmentally friendly building materials. Companies should also develop more competitive pricing strategies for penetrating the market during the present economic situation.

Scarcity of land and high labor costs have long been problems for Hong Kong's building industry. Skyscraper-type buildings, therefore, have been the solution. Building products that reduce the use of labor and save on construction time will always be favored by the market. Also, due to the increasing environmental concern especially by the government, market potential will increase for products that enhance lighting and ventilation in buildings, heat transfer among buildings, and products that reduce energy consumption in buildings. Immediate sale opportunities also exist in site formation equipment, slope stabilization equipment and related building materials.

	1997	1998	1999
Total Market Size	3,272	2,017	1,054
Total Local Production	800	600	480
Total Exports	1,549	1,749	1,959
Total Imports	4,021	3,166	2,533
Total Imports from U.S.	310	224	182

All figures are in US\$ million. The above statistics are unofficial estimates.

## **B. Best Prospects for Agricultural Products**

### Sector Description

1. Poultry
2. Fresh Fruit
3. Soybean Oil
4. Red Meats
5. Cotton

6. Variety Meats
7. Processed Fruit and Vegetables
8. Hardwood Lumber
9. Hides and Skins
10. Tree Nuts
11. Dairy Products
12. Snack Food
13. Wine and Beer
14. Fish and Seafood Products

Of all U.S. agricultural exports to Hong Kong, the leading items are: poultry meat, ginseng, fresh fruits and vegetables (including a significant number of oranges and apples), cotton, hides and skins, red meats, tree nuts, lumber, dairy products, wine and beer. Poultry meat once again topped the list of U.S. food exports to the territory in 1998, reaching US\$369.8 million. Although this represents a 15 percent decrease when compared to the 1997 amount of US\$436 million, Hong Kong remains the second largest export market for U.S. poultry meat after Russia. Of the poultry exported to Hong Kong, chicken meat (US\$351 million) was the star performer as Hong Kong consumers continued to enjoy U.S. chicken wings, feet and franks.

Exports of U.S. fresh fruit and vegetables to Hong Kong totaled US\$223 million in 1998. The United States is the number one supplier of fresh fruit to Hong Kong, and Hong Kong purchases account for approximately 10 percent of total U.S. fruit exports. The territory is among the top three U.S. export markets for fresh fruit and is the fourth largest export market for fresh vegetables. The largest selling items in these two categories are oranges, apples, grapes, tomatoes, celery, lettuce, peppers and onions. Hong Kong, with perhaps the highest per capita consumption of fresh oranges in the world, imported 204,970 metric tons of oranges from the United States in 1998.

U.S. exports of tree nuts including pistachios, almonds and macadamias have also done extremely well in this market over the past few years. Although in 1998 total tree nut exports decreased by 27.9 percent to US\$42.8 million, this level still represents an approximate fourfold increase over the 1990 level of US\$10.8 million. Frozen vegetable imports too, led by mostly french fries, continue to do well fueled by the large and busy fast food service sector.

In 1998 U.S. cotton exports to Hong Kong continued to rebound, increasing 78 percent from 1997. The market share occupied by U.S. cotton increased from 23 percent in 1997 to 33 percent in 1998, recapturing the number one supplier position from India. U.S. exports of undressed mink fur skins to Hong Kong jumped from less than half a million dollars in 1978 to over US\$24.5 million in 1998. Hong Kong remains one of the largest export markets for U.S. mink.

U.S. ginseng exports to Hong Kong, on the other hand, have fluctuated up

and down over the past few years. For 1998, U.S. ginseng exports to Hong Kong totaled 1,145 metric tons or US\$47 million, which is equivalent to the 1997 export level in terms of volume. U.S. wild and cultivated ginseng is still much sought after in this market and is the second largest supplier in terms of value behind the PRC.

## **VI. TRADE REGULATIONS AND STANDARDS**

### **A. Trade Barriers, Including Tariffs, Non-Tariff Barriers and Import Taxes**

The Hong Kong Government levies no import tariffs. However, domestic consumption taxes (referred to as duties in Hong Kong) are imposed on certain goods, such as tobacco (including cigarettes), alcoholic beverages, methyl alcohol and some fuels. These taxes are levied equally on local manufactures and imports. In addition, a steep tax, called a "First Registration Tax," which ranges from 40 - 60 percent of the price, is levied on new car purchases.

Useful contact for inquiring about specific products:

Customs and Excise Department  
8/F, Harbor Building, 38 Pier Road  
Central, Hong Kong  
Tel: (852) 2852-3324  
Fax: (852) 2542-3334 (Dutiable Commodities Division)

### **B. Customs Regulations**

Customs valuation is only an issue for the taxable items listed above. The tax on tobacco is by volume. The tax on distilled spirits is 100 percent, on wine is 60 percent and on beer is 30 percent. The tax on petroleum products is by both volume and value. The value is based on the bill of lading as long as it represents a reasonable market value. The tax on automobiles is based on both retail price and engine size.

For more information about Hong Kong customs regulations, please check the Hong Kong Customs Department's web site at <http://www.info.gov.hk/customs>.

### **C. Import Licenses**

Textiles are subject to import and export licensing because of Hong Kong's obligations under agreements with the United States and other countries. Importers of "Reserved Commodities" which

include rice and frozen meat must obtain an importer's license before they can import these commodities. Frozen/chilled meat imports must be accompanied by appropriate health certificates issued by a recognized authority of the country of origin. Plant and animal imports must be accompanied by appropriate health certificates. Hong Kong imposes quarantine requirements for certain pets and breeding swine depending on country of origin. The Agriculture and Fisheries Department's Livestock Regulatory Division contact is tel: 2733-2166 and fax: 2311-3731.

#### **D. Export Controls**

The Hong Kong Government imposes restrictions on the export of high-technology products to countries proscribed under the former COCOM regime, including the People's Republic of China. Restrictions on trade with China were relaxed significantly by the United States in 1991, allowing Hong Kong to re-export to China on a more liberal basis. Textiles are subject to import and export licensing because of Hong Kong's obligations under agreements with the USA and other countries.

Hong Kong's export control system has not changed as a result of Hong Kong's July 1, 1997 reversion to Chinese sovereignty. Additionally, Hong Kong's status with regard to access to controlled U.S. technologies has not been altered as a result of reversion.

#### **E. Import/Export Documentation**

U.S. standard trade documentation is acceptable.

#### **F. Temporary Entry**

There are no problems for most products which are not subject to any Hong Kong duties or taxes. For alcohol, cigarettes and fuel, companies must fill out a duty waiver form which can be obtained from Hong Kong Customs at the address above.

#### **G. Labeling, Marking Requirements**

Non-tariff barriers such as labeling requirements, standards, etc. are also minimal.

#### **H. Prohibited Imports**



The import of munitions, firearms and fireworks is strictly forbidden.

**I. Standards**

Few product safety standards are required for the domestic Hong Kong market. What little there are relate to fire control (gas and electricity) in the city's high rise buildings. Other standards of quality and safety control imposed on domestic manufacturers are for goods made for export or re-export outside Hong Kong. Currently, building materials and electrical/mechanical supplies have to meet British standards. However, Hong Kong is gradually recognizing other standards so US companies seeking to export to Hong Kong check with potential agents and customers to determine exact standards required.

Another guideline to use regarding quality control is the "ISO 9000" series, published by the International Organization for Standardization (ISO). These standards, now in the process of being adopted in Hong Kong via the Hong Kong Quality Assurance Agency, provide a framework for all types of manufacturing industries. The Hong Kong Housing Authority has also adopted ISO 9000 for all of its consultants/contractors, and the Works Branch has extended ISO 9000 to engineering and architectural consultants as of April 1, 1996. The Airport Authority also requires suppliers and contractors to conform to ISO 9000.

**J. Free Trade Zones/Warehouses**

There are no special zones since the whole territory is basically a free trade zone.

**K. Special Import Provisions**

None

**L. Membership in Free Trade Arrangements**

Hong Kong is a GATT member in good standing, and is a founding member of the WTO as well as a member of APEC.

**M. Customs Contact Information**

Hong Kong Customs:  
Hong  
8/F, Harbor Building  
38 Pier Road  
Central, Hong Kong

U.S. Customs maintains an office in  
Kong. They can be contacted at:  
U.S. Customs Service  
26 Garden Road

Tel: (852) 2852-3185  
Fax: (852) 2542-3334

Central, Hong Kong  
Tel: (852) 2524-1136  
Fax: (852) 2810-6550

## **VII. INVESTMENT CLIMATE**

### **A. Openness to Foreign Investment**

The Hong Kong Special Administrative Region, China, hereafter referred to as Hong Kong, pursues a free market philosophy, and there is minimum government interference with corporate initiative. The government maintains that its August 1999 US\$15 billion intervention in the stock, futures, and a currency market to thwart "manipulators" was a one-off event. It welcomes foreign investment. It offers no special incentives nor does it impose disincentives for foreign investors. Hong Kong's well-established rule of law is applied consistently and without discrimination. There is no distinction in law or practice between investments by foreign-controlled companies and those controlled by local interests.

There are no direct subsidies to domestic industries and, as a duty free port, no tariff barriers. There is no discrimination against foreign investors either at the time of initial investment or afterwards. There is no capital gains tax nor are there withholding taxes on dividends and royalties. Profits can be freely converted and remitted. Foreign-owned and domestically owned firms are taxed at the same rate, 16 percent of profits. There are no preferential or discriminatory export and import policies which affect foreign investors.

There are no disincentives to foreign investment such as limitations on the use or transfer of foreign currency, or any system of quotas, performance requirements, bonds, deposits, or other similar regulations. There is no anti-trust law. Certain sectors of the economy are dominated by monopolies or cartels, not all of which are regulated by the Hong Kong Government. These entities do not necessarily discriminate against U.S. goods or services, but they can use their market position to block effective competition. The Hong Kong Code on Takeovers and Mergers (1981) sets out general principles for acceptable standards of commercial behavior.

With few exceptions, the Hong Kong Government does not attempt to limit the activities of foreign investors either in specified projects or sectors. Foreign investment in Hong Kong flows freely into the industrial sector as well as into services, franchises, restaurants, the entertainment industry, and the ownership of property, both residential and commercial. There are certain exceptions:

i) Telecommunications -- The Hong Kong Government opened the previously-monopolized international telecommunications services market to full

competition on January 1, 1999, and will open the external facilities market to additional competition on January 1, 2000. However, after conducting the 1998 Review of Fixed Telecommunications, the government decided in May 1999 not to issue any further licenses for the local fixed network market, now contested by four companies, until 2003.

ii) Broadcasting -- In January 1998, the Hong Kong Government opened the broadcast uplink market to full competition. Several months later, after a policy review, it announced its intention to open the entire television sector to full competition. The only restrictions that will remain are those that limit foreign ownership to 49 percent.

iii) Legal Services -- Until recently, foreign lawyers were not allowed to practice Hong Kong law in Hong Kong (though they have been able to practice foreign and international law). However, as of spring 1996, foreign lawyers could apply to take the Hong Kong Bar Examination and, if successful, practice Hong Kong law. Foreign law firms may not hire local lawyers to advise on Hong Kong law, but may themselves become "local" firms (after satisfying certain residency and other requirements) and thereafter hire local attorneys. They also can form associations with local law firms.

iv) Financial Services -- In September, 1994, a one-branch restriction on overseas banks licensed after 1978 was relaxed. Overseas banks are now permitted to set up one regional office and one back office, in separate buildings, to conduct such activities as strategic planning, general liaison with correspondent banks and corporate entities, and processing and settlement of transactions already entered into by the branch office. Moreover, foreign banks may acquire a controlling interest in a local bank that has unlimited branching rights.

v) Government Contracts -- Hong Kong's record for open and fair government procurement is generally without blemish. Hong Kong joined the WTO Agreement on Government Procurement in June 1997. Tenders are now covered by the Agreement on Government Procurement of the World Trade Organization (WTO GPA), and a Review Body on Bid Challenges has been set up by the Government to handle challenges made against alleged breaches of the WTO GPA.

Foreign firms and individuals are allowed freely to incorporate their operations in Hong Kong, to register branches of foreign operations, and to set up representative offices without discrimination or undue regulation. There is no restriction on the ownership of such operations. Company directors are not required to be citizens of, or resident in Hong Kong. Reporting requirements are straightforward and not onerous.

Hong Kong's extensive body of commercial and company law generally follows that of the United Kingdom, including the common law and rules of equity. Most statutory law is made locally. The local court system

provides for effective enforcement of contracts, dispute settlement and protection of rights. Hong Kong remains a member of the World Trade Organization in its own right and a separate customs territory.

Formalities are minimal for company incorporation and business registration. Foreign and domestic companies register under the same rules and are subject to the same set of business regulations.

The Hong Kong Government's Industry Bureau encourages inward investment as a means to introduce new or improved products, processes, designs and management techniques. U.S. and other foreign firms can participate in government financed and subsidized research and development programs on a national treatment basis.

According to the Hong Kong Government's survey of regional representation by overseas companies in Hong Kong, 2,449 regional operations by overseas companies were identified in Hong Kong in 1998. Among these companies, 819 were regional headquarters and 1,630 were regional offices. The United States of America has the largest number of regional headquarters in Hong Kong (194 companies), followed by Japan (109 companies) and the United Kingdom (95 companies). The major lines of business of the regional headquarters included wholesale/retail, import/export, finance and banking, manufacturing, and transport and related services. In terms of attractiveness of investment climate in Hong Kong and China for the next five years, the survey showed that more than 73 percent (among 624 respondents) of these overseas companies were of the opinion that the investment climate was favorable in both areas.

## **B. Conversion and Transfer Policies**

There are no restrictions on conversion and inward or outward transfer of funds for any purpose. The HK dollar is a freely convertible currency that, since late 1983, has been linked to the U.S. dollar at an exchange rate of HK\$7.8 = US\$1. Authorities are committed to exchange rate stability through maintenance of the linked rate. There is no allocation of foreign exchange.

## **C. Expropriation and Compensation**

The U.S. Consulate General is not aware of any expropriation actions in the recent past. However, expropriations of private property may occur if it is clearly in the public interest, but only for well-defined purposes such as implementation of public works projects. If this is the case, then expropriations are conducted through negotiations, in a non-discriminatory manner in accordance with established principles of international law. Due process and transparency of purposes are observed. Investors in and lenders to expropriated entities receive prompt, adequate, and effective compensation. Property may be acquired

under the State Land Resumption Ordinance, the Land Acquisition Ordinance, the Mass Transit Railway (Land Resumption and Related Provisions) Ordinance or the Roads Ordinance. These ordinances provide for payment of compensation. If agreement cannot be reached on the amount payable, either party can refer the claim to the Land Tribunal for jurisdiction.

#### **D. Dispute Settlement**

The U.S. Consulate General is not aware of any investor-state disputes in recent years involving U.S. or other foreign investors or contractors and the Hong Kong Government. Private investment disputes are normally handled in the courts or via private negotiation. Alternatively, disputes may be referred to the Hong Kong International Arbitration Center.

The Hong Kong Government accepts international arbitration of investment disputes between itself and investors. Following reversion to Chinese sovereignty on July 1, 1997, Hong Kong continued to apply provisions of the International Center for the Settlement of Investment Disputes (ICSID, known as the Washington Convention) and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

Hong Kong and China reached consensus in June 1999 on an arrangement parallel to the New York Convention for the reciprocal enforcement of arbitral awards, since the New York Convention, being an international agreement, is no longer applicable to the enforcement of arbitral awards between Hong Kong and China. The two parties signed a Memorandum of Understanding in June 1999 on the arrangement and the Hong Kong government expects the arrangement will come into effect in 1999 upon the passage of the Arbitration (Amendment) Bill by the Legislative Council. Hong Kong has also adopted the United Nations Commission on International Trade Law (UNCITRAL) model law for international commercial arbitration.

The local court system provides effective enforcement of contracts, dispute settlements and protection of rights, including intellectual property. Secured interests in property are recognized and enforced. Application for enforcement of arbitral award made by China or Hong Kong made after July 1, 1997 shall be enforced according to this arrangement.

In case the application for enforcement fails to be made to the court in China or the court of Hong Kong between July 1, 1997 and the effective date of this arrangement for some reasons, the applicant who is a legal person or some other organization may apply within six months after this arrangement has become effective and the applicant who is a natural person may apply within one year after this Arrangement has become effective. For cases which the court of Hong Kong or China between July 1, 1997 and the effective date of this arrangement, has refused to

accept or to enforce the arbitral award, the parties of the cases will be allowed to make fresh application.

Hong Kong's legal system is firmly based on the rule of law and the independence of the judiciary. Courts of justice in Hong Kong include the Court of Final Appeal; the High Court (composed of the Court of Appeal and the Court of First Instance); the District Court; the Magistrate's Courts; the Coroner's Court; and the Juvenile Court. There is also a Lands Tribunal, Labor Tribunal, and other statutory tribunals. On July 1, 1997, the Court of Final Appeal replaced Britain's Privy Council as Hong Kong's highest court when Hong Kong reverted to Chinese sovereignty.

The Hong Kong Government owns all land, granting long-term leases without transferring the title. Local and foreign leaseholders are given equal treatment.

#### **E. Performance Requirements/Incentives**

Consistent with its generally non-interventionist economic philosophy, Hong Kong imposes no export performance or local content requirements as a condition for establishing, maintaining or expanding a foreign investment. Hong Kong offers no special privileges to attract foreign investment. There are no requirements that Hong Kong residents own shares, that foreign equity be reduced over time, or that technology be transferred on certain terms. Such matters are left to the market. While pledging to steer clear of market intervention, in 1996 the Hong Kong Government pledged to establish a technology-centered industrial park and to spend greater efforts promoting service exports.

All of Hong Kong is a duty-free zone, as it is a free port. Subject to non-discriminatory application of excise taxes and restricted entry in some sectors, as noted above (e.g. broadcasting, electric power, etc.), local and foreign firms are free to take advantage of investment opportunities as they arise.

#### **F. Right to Private Ownership and Establishment**

Hong Kong law and regulations provide for the right of foreign and domestic private entities to establish, own and to dispose of interests of business enterprises. Foreign investors are generally allowed to engage in all lawful forms of remunerative activity. Restrictions on the latter involve regulated entry of practice in the mass transit, electric power generation, medical services, legal, telecommunications and broadcasting sectors. The Hong Kong Government does not generally engage directly in business activity via public enterprises, preferring to leave this to the private sector. In general, business privileges, franchises and land development rights are granted on the basis of

competitive equality.

#### **G. Protection of Property Rights**

Hong Kong's commercial and company laws provide for effective enforcement of contracts and protection of corporate rights. The Intellectual Property Department, which includes the Trademarks and Patents Registries, is the focal point for the development of Hong Kong's intellectual property regime. The Customs and Excise Department is the principal enforcement agency for intellectual property rights (IPR). The Hong Kong Government has taken significant steps to improve its intellectual property rights regime and step up enforcement. As a result of these efforts and progress in controlling illicit production, the United States Trade Representative took Hong Kong off the Special 301 Watchlist in 1999.

In mid-1998, Hong Kong adopted the "Prevention of Copyright Piracy Ordinance," which required compact disc producers to register with the government, and authorized Hong Kong Customs to inspect factories. Implementation of this law appears to have reduced illegal production of copyrighted products significantly. Separately, the Customs and Excise Department, which has a special IPR unit, stepped up raids against retail shops selling pirated goods. Using enforcement tools from the June 1997 Copyright Law, Customs officers have been able to substantially increase seizures of pirated goods, and curtailed activity at several of the most notorious retail centers.

Nonetheless, piracy remains a serious problem. Illicit production continues, though it is difficult to quantify. At the retail level, pirated films, music, and software are widely available at hundreds of shops, despite Customs' enforcement efforts. Corporate use of unauthorized software is common. In an effort to control these problems the government has announced additional steps: establishment of a special Customs Anti-Piracy Task Force; launching of a campaign to persuade companies to use legitimate software; and drafting of new legislation to treat piracy as an "organized and serious crime," to close a perceived loophole in the law regarding corporate use of pirated software, and to ban use of video recorders in theaters.

Hong Kong successfully localized its intellectual property laws to ensure the maintenance of a strong legal regime after the July 1997 reversion to China. Protection continues under both local laws and international conventions, which continue to apply to Hong Kong. Hong Kong has acceded to the Paris Convention for the Protection of Industrial Property, the Bern Convention for the Protection of Literary and Artistic Works, and the Geneva and Paris Universal Copyright Conventions. Hong Kong also continues to participate in the World Intellectual Property Organization, as part of China's delegation.

The 1997 copyright ordinance protects any original copyright work created or published by any person anywhere in the world. It provides for rental rights for sound recordings and computer programs but not films. It provides for enhanced penalty provisions against copyright piracy and additional legal tools to facilitate enforcement. It decriminalizes parallel imports of copyrighted products one year after their release anywhere in the world, but maintains civil penalties. Registration is voluntary.

The patent ordinance, approved in June 1997, allows for granting of an independent patent in Hong Kong based on the patents granted by the UK and the Chinese Patent Offices. The patent granted in Hong Kong would be independent, and would be capable of being tested for validity, rectified, amended, revoked and enforced in the Hong Kong courts in accordance with Hong Kong law. Based on the law, Hong Kong has established an independent patents registry. Continuity is preserved so that pre-existing patents eligible for protection continues to enjoy protection in Hong Kong.

The new registered designs ordinance is modeled on the proposed EU design registration system, with certain modifications. To be registered, a design must be new. The system requires no substantive examination. Protection will be for an initial period of five years, and may be extended for four periods of five years each, up to a maximum of 25 years.

Hong Kong's existing trademark law is not dependent on that of the UK, and so does not need to be "localized." The law is already TRIPS-compatible, and is in the process of being modernized. All trademark registrations originally filed in Hong Kong are valid for seven years and renewable for 14-year periods. Proprietors of trademarks registered elsewhere must apply anew and satisfy all requirements of Hong Kong law. When evidence of use is required, such use must have been in Hong Kong. Trademarks are registered under the Trademarks Ordinance, with provisions similar to trademarks legislation in the United Kingdom. The Trademarks (Amendment) Ordinance, which came into effect in 1992, extends the trademarks law to allow for registration of trademarks relating to services.

Hong Kong has no specific ordinance to cover trade secrets. Under the Trade Description Ordinance, however, the government has the duty to protect the information being disclosed to other parties. The Trade Description Ordinance prohibits false trade descriptions, forged trademarks and misstatements in respect of goods supplied in the course of trade.

The Legislative Council passed an Intellectual Property (World Trade Organization Amendment) bill in May 1996 to fulfill Hong Kong's international obligation as a WTO member. The bill expanded the definition of what can be trademarked, provided new anti-piracy tools to



the Hong Kong Government and provided for civil detention orders at the border to stop import of infringing product. The Hong Kong Government has claimed a developing country status exemption to the Trade-Related Intellectual Property requirements of the World Trade Organization. In theory, this gives Hong Kong five years to phase in the requirements.

The Government has committed, however, to meeting the requirements well within that period.

#### **H. Transparency of the Regulatory System**

Hong Kong's body of law and regulation implicitly and explicitly promotes competition in all forms of economic endeavor. The only exceptions are those previously mentioned, where entry is restricted. Tax, labor, health and safety and other laws and policies avoid distortions or impediments to the efficient mobilization and allocation of investment. Bureaucratic procedures and "red tape" are held to the minimum and are equally transparent to local and foreign investors. In November 1996, the Consumer Council published a study report to recommend the setting up of competition law and an independent Competition Authority to investigate any anti-competitive practices. The Hong Kong Government is examining these recommendations.

#### **I. Efficient Capital Markets and Portfolio Investment**

There are no impediments to the free flow of financial resources. Non-interventionist economic policies, complete freedom of capital movement and a well-understood regulatory and legal environment have greatly facilitated Hong Kong's growing role as a regional and international financial center. As noted earlier, the government maintains its August 1999 US\$15 billion intervention in the stock, futures, and currency markets to thwart "manipulators" was a one-time event. Hong Kong has continued to enjoy substantial economic autonomy following its reversion to Chinese sovereignty on July 1, 1997. Chinese leaders have repeatedly underscored China's intention to abide by the provisions of the Sino-British Joint Declaration and China's Basic Law for Hong Kong, which amplify the meaning of "one country, two systems" to include separate monetary systems, separate financial and regulatory systems, and separate budgetary regimes.

Hong Kong's foreign exchange markets handled an average daily turnover of US\$78.6 billion in 1998, making it the seventh largest in the world. By the end of 1998, Hong Kong had 172 licensed banks (141 were incorporated overseas), 60 restricted licensed banks (25 were incorporated overseas), 101 deposit-taking institutions (two were incorporated overseas), and 141 representative offices (all were set up by foreign banks). Thirty-two American "authorized financial institutions" operate in Hong Kong, including seven of the top 10 U.S.

banks. U.S. banks licensed in Hong Kong are listed in Appendix E(f) below. Most banks in Hong Kong maintain U.S. correspondent relationships.

Hong Kong's five largest banks, in terms of total assets (1998), are as follows:

Rank	Institution	Total Assets (US\$ billion)
1	Hong Kong & Shanghai Banking Corporation (HSBC)	189.4
2	Bank of China Group	113.1
3	Hang Seng Bank Ltd.	53.9
4	Bank of East Asia, Ltd.	17.4
5	Dao Heng Bank	16.0

Sources: Companies' annual reports

Hong Kong has a three-tier system of deposit-taking institutions: licensed banks, restricted license banks, and deposit-taking companies. Only licensed banks can offer current (checking) or savings accounts. The Hong Kong & Shanghai Banking Corporation (HSBC) is Hong Kong's largest banking group. With its majority-owned subsidiary Hang Seng Bank, and 372 branches, the group controls more than 40 percent of Hong Kong dollar deposits. The 12 banks of the Bank of China Group comprise the second-largest banking group (370 branches), and control 24 percent of Hong Kong dollar deposits.

Credit is allocated strictly on market terms and is available to foreign investors on a non-discriminatory basis. The private sector has access to the full spectrum of credit instruments as provided by Hong Kong's banking and financial system. Legal, regulatory, and accounting systems are transparent and consistent with international norms. The Hong Kong Monetary Authority (HKMA) functions as its de facto central bank. The HKMA is responsible for maintaining the stability of the banking system and managing the Exchange Fund backing Hong Kong's currency -- linked to the U.S. dollar at HK\$7.8 = US\$1. HKMA, with the assistance of the banking sector, has upgraded Hong Kong's financial market infrastructure. For example, the interbank payment system based on Real Time Gross Settlement principles was installed in December 1996. The new system helps minimize risks in the payment system and brings Hong Kong in line with international standards. In March 1997, the Hong Kong Mortgage Corporation (HKMC) was set up to promote the development of the secondary mortgage market in Hong Kong. The HKMC is 100 percent owned by the Government through the Exchange Fund. The HKMC purchases residential mortgage loans for its own retained portfolio, and then

repackages mortgages into mortgage-backed securities for sale. In 1998, the HKMC has issued US\$666.7 million worth of unsecured debt securities in the local debt market.

**Insurance:** Under the Insurance Companies Ordinance, insurance companies are authorized by the Insurance Authority to transact business in Hong Kong. Hong Kong has the highest number of authorized insurance companies in Asia. At the end of 1998, there were 209 authorized companies: of these, 104 were foreign companies from 27 countries. In terms of assets, of the world's top 10 insurance companies, six have branch offices or subsidiaries in Hong Kong. In addition, premium income from insurance services in Hong Kong is the fifth highest in Asia (after Japan, South Korea, Taiwan and China) and the 24th highest in the world.

**Stock and Futures Markets:** With a total market capitalization of US\$341.3 billion and 680 listed firms at year-end 1998, the Stock Exchange of Hong Kong (SEHK) was ranked second in Asia after Tokyo, and eleventh in the world in terms of capitalization. The SEHK launched regional derivative warrants and convertible bonds in 1997. In August 1998, the government made its first ever intervention on the stock and futures markets because speculators reportedly manipulated the market using a "double play" approach in which speculators sold Hong Kong dollars (driving up interest rates and causing the stock market to fall) to profit from short stock and futures positions. The government spent US\$15.3 billion to buy all 33 Hang Seng Index constituent stocks and futures. The intervention aroused controversy locally and overseas. An independent company, the Exchange Fund Investment Limited (EFIL), was later established by the government to dispose of its stock portfolio in the form of mutual funds. At the end of April 1999, the SEHK had grown to 684 firms with total market capitalization of US\$433.5 billion. The government has proposed the stock and futures exchanges be merged and demutualized with a target merger date in early 2000.

There are no discriminatory legal constraints to foreign securities firms establishing in Hong Kong via branching, acquisition, or establishing subsidiaries. In practice, foreign firms typically establish in Hong Kong as subsidiaries. Rules governing operations are the same, irrespective of ownership. There are no restrictions on cross-border capital flows.

The SEHK plays a significant role in raising capital for Chinese state-owned enterprises. A memorandum of understanding on regulatory cooperation between Chinese and Hong Kong stock and regulatory authorities signed in June 1993 provides a framework for Chinese state enterprises to raise equity (through the issuance of so-called "H" shares) in Hong Kong provided they meet Hong Kong regulatory and accounting requirements. These "H" shares are denominated in renminbi, but must be purchased in Hong Kong dollars. In 1998, a total of 41 Chinese enterprises had "H" share listings on the SEHK, with market

capitalization of US\$4.3 billion.

The Hong Kong Futures Exchange Ltd. provides a market for Hang Seng Index futures and options. At the end of 1998, futures contracts for seventeen local stocks traded at the Exchange: CITIC Pacific, Cheung Kong Holdings, CLP Holdings, HSBC Holdings, Hang Seng Bank, Henderson Land, Hong Kong Telecom, China Telecom, Hopewell Holdings, Hutchison Whampoa, New World Development, Sun Hung Kai Properties, Swire Pacific 'A', Wharf Holdings, China Resource Enterprise, Hong Kong Electric Holdings and Shanghai Industrial Holdings.

Since 1990, Hong Kong has made a concerted effort to develop a local debt market with the launching of the Exchange Fund bills and notes program. Maturities now extend to ten years. Hong Kong dollar debt (public and private) has increased gradually, from US\$3.46 billion at the end of 1989 to US\$50 billion by the end of 1998. Regional infrastructure financing requirements, continued high regional GDP growth rates, and increasing investor demand are projected to stimulate further development of the local debt market. The Securities and Futures Commission, an independent statutory body outside the civil service, has licensing and supervisory powers to ensure the integrity of markets and to protect investors, while the exchanges' own Association serves as the first line of regulatory defense.

The Hong Kong Government has begun work on a Mandatory Provident Fund to encourage workers and employers to contribute to retirement funds. Contributions are expected to channel U.S. \$3 to 4 billion per year into various investment opportunities. Schemes are expected to begin operations in early 2000.

Portfolio investment decisions are left to the private sector. There are no laws or regulations that specifically authorize private firms to adopt articles of incorporation/association which limit or prohibit foreign investment, participation or control.

#### **J. Political Violence**

Hong Kong is politically stable and secure. The U.S. Consulate General is not aware of any incidents over the past few years involving politically motivated damage to projects or installations. There has been no major unrest in Hong Kong since China's Cultural Revolution spilled across the border in 1967. The protests in Hong Kong related to the May 1999 accidental bombing of China's embassy in Belgrade were peaceful and orderly.

#### **K. Corruption**

Hong Kong has a good track record in combating corruption. U.S. firms

have not, for the past three decades, identified corruption as an obstacle to foreign direct investment. The Independent Commission Against Corruption (ICAC) is responsible for combating corruption. The ICAC was established in 1974, three years after enactment of the Prevention of Briberies Ordinance. The ICAC is independent of the public service and the ICAC Commissioner is responsible directly to the Chief Executive (formerly to the Governor). A bribe to a foreign official is a criminal act as is the giving or accepting of bribes, for both private individuals and government employees. Of the 4,014 corruption reports filed in 1998 (more than one-third were ultimately investigated), 58 percent involved the private sector, 14 percent the police, 22 percent other government bodies, and six percent public bodies such as the Legislative Council, Urban Councils, and universities. Penalties are stiff. For example, a civil servant who solicits or accepts any advantage without special permission of the Government can receive one year's imprisonment and a HK\$100,000 fine if convicted. Individuals in both the private and public sector can receive up to seven years imprisonment and a HK\$500,000 fine for offering, soliciting or accepting a benefit for performance or non-performance of an official duty.

#### **L.     Bilateral Investment Agreements**

Hong Kong is negotiating a series of bilateral investment agreements -- the Hong Kong Government calls them "Investment Promotion and Protection Agreements" -- with major foreign investors. To date, Hong Kong has signed agreements with Australia, Austria, Belgium, Denmark, France, Germany, Italy, Japan, Korea, the Netherlands, New Zealand, Sweden, Switzerland and United Kingdom. The Hong Kong Government has initialed agreements with Canada and Vietnam. It is negotiating agreements with Singapore, Thailand, and the United States. All such agreements have been based on a model text approved by China through the Sino-British Joint Liaison Group. The United States and Hong Kong began discussing a bilateral investment agreement in 1996 and, although good progress has been made, have not yet finalized an agreement as of this writing.

#### **M.     OPIC and Other Investment Insurance Programs**

Overseas Private Investment Corporation (OPIC) coverage is not available in Hong Kong. Hong Kong is a member of the World Bank Group's Multilateral Investment Guarantee Agency (MIGA).

#### **N.     Labor**

For most of the last decade, Hong Kong's unemployment rate hovered around two percent as the economy continued a rapid structural transformation from manufacturing to a financial and services center.

The burgeoning services sector easily absorbed displaced manufacturing workers. The unemployment rate in 1997 was 2.2 percent, after reaching 2.6 percent in the fourth quarter of 1996. During the period of February to April 1999, unemployment has risen to 6.3 percent, reflecting the impact of regional economic turmoil. As part of a package of measures adopted in February 1996 to combat rising unemployment, the Hong Kong Government began curtailing its labor importation schemes. The measures, seen as a response to union and pro-labor legislative pressure, 1) replaced the General Importation of Labor Scheme for skilled and semi-skilled workers (with its 25,000-worker quota) with the Supplementary Labor Scheme (with a 2,000-worker preliminary limit and a ban on foreign workers in 26 professions), 2) provided for expanded recruitment of local construction workers for the now completed Chek Lap Kok airport and related infrastructure projects, and, 3) imposed stricter local recruitment criteria before local firms can hire foreign workers. Qualified foreign professionals, technical staff, administrators and managerial personnel are not affected, nor are foreign domestic helpers. An employee retraining board, established in 1992, provides skills retraining for local employees to cope with ongoing structural change in the economy. Labor-management relations are generally smooth. The average number of days lost due to industrial conflicts is one of the lowest in the world (0.28 worker days lost per 1000 workers in 1997). In early 1996 labor groups achieved their goals of scaling back labor importation and boosting severance pay. In 1997, membership in Hong Kong's 538 registered unions totaled 647,908, a participation rate of about 21.85 percent. Hong Kong has implemented 31 conventions of the International Labor Organization in full and 18 others with modifications. Hong Kong continued to adhere to these conventions after reversion to Chinese sovereignty on July 1, 1997.

**O. Foreign Trade Zones/Free Ports**

Hong Kong is a free port without foreign trade zones.

**P. Foreign Direct Investment Statistics**

Table 1: Hong Kong Total Value of Net Assets at Historical Costs  
Attributed to Inward Foreign Direct Investment in U.S.\$ Billions

Country	1994	1995	1996	1997
Japan	21.2	24.5	36.2	48.2
UK	20.7	21.2	24.2	27.8
China	17.2	19.1	22.3	28.0

USA	11.2	12.0	16.1	21.0
Italy	2.2	2.3	2.6	2.6
France	1.8	1.7	2.3	7.2
Germany	1.2	1.6	1.8	2.1
Netherlands	1.3	1.6	2.1	6.6
Others	9.8	12.3	19.3	28.2
Total	89.7	99.7	126.9	169.7

Source: Hong Kong Government Industry Department and Census and Statistics Department

Note: Figure for Italy in 1997 captured investment value for non-manufacturing sector only.

Table 2: Overseas Investment in Hong Kong Manufacturing Number, Cumulative Values, and Employment in 1997

(Major Source Countries)

Country	Number of Investments	Investment (US\$ Million)	Number of Employees
Japan	128	2,673	15,228
U.S.A.	72	1,342	11,915
China	35	444	12,665
UK	38	382	12,825
Netherlands	16	361	5,594
Switzerland	13	131	2,922
Singapore	22	182	3,208
Others	111	972	N/A
Total	435	6,488	59,968

Note 1: Sources for Tables 1-6 include: 1997 Survey of Overseas

Investment in Hong Kong's Manufacturing Industries, Hong Kong Government Industry Department

Note 2: No. of employees of a particular country refers to the total no. of employees of manufacturing companies with the corresponding country's investment (e.g. wholly owned or joint venture). Therefore, the figures do not add up to the total due to overlapping. These figures were not published in the survey but given by the Industry Department on request.

Note 3: Investment refers to total investment at original cost which includes stock of fixed assets at original cost plus working capital.  
US\$1 = HK\$7.8

Note 4: Data totals may reflect rounding.

Table 3: Overseas Investment in Hong Kong Manufacturing by Industry, 1994, 1995, 1996 and 1997 US\$ Millions (%)

Industry	1994	1995	1996	1997
Electronics	1,705 (30.2)	1,939 (31.3)	2,109 (34.3)	2,576 (39.7)
Electrical Products	543 (9.6)	570 (9.2)	654 (10.6)	653 (10.1)
Chemical Products	399 (7.1)	525 (8.5)	480 (7.8)	349 (5.4)
Food & Beverages	462 (8.2)	341 (5.5)	384 (6.2)	526 (8.1)
Printing & Publishing	228 (4.1)	317 (5.1)	293 (4.8)	404 (6.2)
Transport Equipment	243 (4.3)	267 (4.3)	278 (4.5)	311 (4.8)
Others	1,572 (28.0)	1,658 (28.8)	1,397 (22.7)	1,668 (25.7)
Total	5,637	6,191	6,150	6,488

Note: Figures in parentheses denote percentage share of annual stock of investment.



Table 4: U.S. Investment in Hong Kong Manufacturing By Industry, at historical cost in US\$ Millions (%)

Industry	1994	1995	1996	1997
Electronics	788 (51.7)	854 (50)	759 (46.1)	756 (56.3)
Electrical Products	147 (9.6)	156 (9.1)	143 (8.7)	113 (8.4)
Chemical Products	120 (7.9)	132 (7.7)	122 (7.4)	65 (4.9)
Metal Products	97 (6.3)	123 (7.2)	139 (8.4)	87 (6.4)
Paper Products	83 (5.5)	161 (9.4)	194 (11.8)	60 (4.5)
Textiles & Clothing	81 (5.3)	52 (3)	46 (2.8)	49 (3.7)
Plastic Products	24 (1.6)	28 (1.6)	29 (1.7)	25 (1.8)
Food & Beverages	21 (1.4)	33 (1.9)	33 (2.0)	30 (2.3)
Printing & Publishing	17 (1.1)	10 (0.6)	13 (0.8)	17 (1.3)
Others	146 (9.6)	164 (9.6)	171 (10.4)	141 (10.5)
Total	1,524	1,707	1,648	1,342

Note: Figures in parentheses denote percentage share of annual stock of investment.

Table 5: Japanese Investment in Hong Kong Manufacturing by Industry, at historical cost in US\$ Millions (%)

Industry	1994	1995	1996	1997
Electronics	500	748	892	1,197

	(26.3)	(31.2)	(38.4)	(44.8)
Electrical Products	339 (17.8)	398 (16.6)	420 (18.1)	516 (19.3)
Textiles & Clothing	210 (11.0)	207 (8.6)	85 (3.7)	46 (1.7)
Watches & Clocks	157 (8.2)	179 (7.5)	160 (6.9)	130 (4.9)
Photographic & Optical Goods	126 (6.6)	144 (6)	111 (4.8)	45 (1.7)
Printing & Publishing	95 (5.0)	187 (7.8)	150 (6.4)	175 (6.5)
Food & Beverages	96 (5.0)	129 (5.4)	146 (6.3)	171 (6.4)
Basic Metal	24 (1.2)	32 (1.3)	N/A	30 (1.1)
Others	359 (18.9)	374 (15.6)	360 (15.5)	365 (13.7)
Total	1,906	2,397	2,323	2,673

Note: Figures in parentheses denote percentage share of annual stock of investment.

Table 6: Chinese Investment in Hong Kong Manufacturing by Industry, at historical cost in US\$ Millions (%)

Industry	1994	1995	1996	1997
Tobacco	350 (64.0)	119 (27.3)	86 (25.5)	101 (22.8)
Transport Equipment	N/A	291 (66.8)	139 (41.2)	130 (29.3)
Food & Beverages	N/A	N/A	N/A	99.9 (22.5)
Electronics	73 (13.4)	N/A	N/A	N/A

Metal Products	N/A	48 (11.1)	N/A	N/A
Electrical Products	23 (4.2)	N/A	N/A	N/A
Chemical Products	N/A	N/A	81 (24)	N/A
Others	101 (18.4)	-27 (-6.2)	31 (9.2)	113 (25.4)
Total	547	435	337	444

Note: Figures in parentheses denote percentage share of annual stock of investment.

Table 7: Overall Overseas Investment in Hong Kong at 12/31/1997 at historical cost in US\$ Billions

Country	Manufacturing	Non-Manufacturing	Total
Japan	2.7	45.5	48.2
U.K.	0.4	27.4	27.8
China	0.4	27.5	28.0
U.S.A.	1.3	19.7	21.0
Italy	N/A	2.6	2.6
France	0.1	7.2	7.2
Netherlands	0.4	6.2	6.6
Thailand	0.2	4.5	4.7
Singapore	0.2	2.3	2.5
Germany	0.1	2.1	2.1
Others	0.8	18.2	19.0
Total	6.5	163.2	169.7

Sources: Industry Department and Census and Statistics Department, Hong Kong

Note 1: U.S. Government statistics differ from the Hong Kong Government statistics. According to U.S. Government statistics, U.S. investment in Hong Kong stood at US\$19.27 billion at the end of 1997.

Note 2: Data totals may reflect rounding.

Table 8: Amount and Growth of U.S. Investment in Hong Kong for 1996/97/98 in US\$ Millions

Category	1996	1997	1998	% change 1998/97
Petroleum	543	594	600	1.0
Manufacturing	2,563	2,942	3,122	6.1
Wholesale	5,322	4,890	5,054	3.4
Depository Institutions	1,578	1,845	1,637	-11.3
Financial/ Insurance/ Real Estate	2,863	3,592	5,007	39.4
Services	992	1,074	1,009	-6.1
Others	828	4,329	4,373	1.0
Total	14,689	19,266	20,802	8.0

Note 1: The U.S. Department of Commerce estimates the total U.S. direct investment position in Hong Kong at historical cost (the book value of U.S. direct investors' equity in, and net outstanding loans to, their foreign affiliates).

Note 2: USDOC statistics differ from HKG statistics. Per Table 7 above, the latter indicates total U.S. investments of US\$16.5 billion at year-end 1997.

Note 3: 1998 figures are preliminary, and are subject to further revision. They differ significantly from earlier numbers, as the base year has been changed from 1989 to 1994.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, U.S.  
Direct Investment Position Abroad on a Historical Cost Basis.

Table 9: Japanese Investment in Hong Kong in Yearly Flows for 1990-1998  
in US\$ Millions

Year	Amount
1990	1,785
1991	925
1992	735
1993	1,238
1994	1,133
1995	1,125
1996	1,540
1997	705
1998	589

Note: \*\* Japanese statistics differ from HKG statistics.

Source: Japan Ministry of Finance. Figures are direct investment flows  
per Japanese Fiscal Year (April 1 to March 31).

Exchange rate: 1996 (average): 108.78/US\$  
1997 (average): 120.99/US\$  
1998 (average): 130.75/US\$

Table 10: Japanese Investment in Hong Kong Sectoral Breakdown for  
1990/1996/1997/1998 in US\$ Millions

Sectors	1990	1996	1997	1998
Manufacturing	113.50	409.00	218.00	106.00
Finance	398.00	302.00	154.00	189.00
Trade	752.00	229.00	173.00	246.00

Service	102.00	60.00	61.00	39.00
Real Estate	348.00	117.00	63.00	0.00
Transport	31.00	30.00	16.00	0.00
Others	36.00	392.00	21.00	12.00
Total	1,780.50	1,540.00	705.00	589.00

Source: Japanese Ministry of Finance.

Exchange rate: 1996 (average): 108.78/US\$  
1997 (average): 120.99/US\$  
1998 (average): 130.75/US\$

Table 11: Hong Kong Overseas Direct Investment in Selected Economies  
As of May 1997 in US\$ Billion

Country	Cumulative Value*	Reference Period	Ranking**
China	266.9	End-1996	1 <sup>st</sup>
Indonesia	15.6	End-Mar 1997	3 <sup>rd</sup>
Thailand	2.7	End-Sep 1996	2 <sup>nd</sup>
Taiwan	2.0	End-1996	3 <sup>rd</sup>
Vietnam	3.1	End-1996	3 <sup>rd</sup>
Philippines	0.72	End-1996	3 <sup>rd</sup>
Singapore	2.7	End-1992	4 <sup>th</sup>
South Korea	0.65	End-1996	5 <sup>th</sup>
Malaysia	1.1	End-1995	N/A
United States	1.3	End-1995	28 <sup>th</sup>
Australia	0.6	End-June 1996	12 <sup>th</sup>
Japan	0.72	End-Mar 1995	7 <sup>th</sup>

Note: \* Except those for Singapore, Thailand, the United States and Australia, all investment figures are compiled on approval basis. Direct comparison of the figures is not recommended, though, due to different definitions and coverages adopted by the governments of the countries concerned.

\*\* Hong Kong's ranking in the country concerned

According to the United Nations World Investment Report 1996, Hong Kong was the fourth-largest outward investor in the world in 1995. Hong Kong, at US\$25 billion, was outranked only by the United States (US\$95.5 billion), the U.K. (US\$37.8 billion) and Germany (US\$35.3 billion). The report also noted that Hong Kong was the sixth-largest recipient of capital inflows in Asia, with the amount reaching US\$2.1 billion.

Source: Hong Kong Government

Table 12: Hong Kong's Pledged and Actual Direct Investment in China in US\$ Billions and Percent Share of Total Investment in China

Year	Amount Pledged	Actually Invested	Share of Total Investment
1990	3.8	1.9	58
1991	7.2	2.4	60
1992	40	2.5	69
1993	74	17.2	66
1994	49	20.0	60
1978-April 1999	297.6	138.4	50

Source: PRC Ministry of Foreign Trade and Economic Cooperation (MOFTEC)

Table 13: Major Foreign Investor Firms

United States: Motorola, Chase Manhattan, Sea-land, Exxon, Citibank, Mobil, Caltex, AT&T, IBM, Kodak, Bank of America, American International Group, Coca-Cola, Pepsi-Co, Pacific Waste Management.

Japan: Kumagai Gumi, Yaohan, Jusco, Daimaru, Mitsubishi, Uny, Nishimatsu, Daido Concrete, C. Itoh.

United Kingdom: Inchcape Pacific, Cable and Wireless, Hong Kong and

Shanghai Banking Corporation, Standard Chartered Bank, Jardine Matheson, Swire Pacific Group, P & O Shipping.

West Europe: Carlsberg (Denmark), Hong Kong Petrochemicals (Italian/Korean/Chinese joint venture), Siemens, Heraeus (Germany), Philips (Netherlands); Bouygues/Dragages, Bachy-Soletanches, Banque National de Paris, Banque Indosuez, Chanel, Cartier, Christian Dior, Remy (France), Erikson, Asea Brown Boveri, Tetrapak, Electrolux (Sweden).

China: China Investment and Trust Corporation (CITIC), China Resources, China Merchants, Bank of China, China Travel Services, China Overseas Construction, Guangdong Enterprises, Yue Xiu Enterprises, China Everbright, Shanghai Industrial.

Asia: San Miguel Brewery (Philippines), News Corp., Pioneer (Australia), Sime Darby, Shangri-la/Kerry Trading (Malaysia), Park View Properties (Taiwan), Lippo Group (Indonesia), C.P. Pokphand (Thailand).

NOTE: This list is not in rank order nor is it comprehensive.

## **VIII. TRADE AND PROJECT FINANCING**

### **A. Description of the Banking System**

Hong Kong has an open financial system, with no controls on currency movement. A more complete description is contained in VII (I) above.

### **B. Foreign Exchange Controls affecting trading**

The local currency, the Hong Kong Dollar (HK\$), is freely convertible and there are no foreign exchange controls.

### **C. General Availability of Financing**

Commercial trade financing is available in Hong Kong for qualified customers. All licensed banks are authorized to provide loans to residents and non-residents in the currency of their choice. Letters of credit and other financial instruments are widely used to protect participants in trade arrangements. All banks maintain close working relationships with correspondent banking institutions. The financial system is highly developed and efficient.

### **D. How to Finance Exports/Methods of Payment**



The preferred method of quoting is "CIF" or "C and F" in HK\$. The U.S. dollar and other freely convertible currencies may be accepted for bids and pro forma invoicing. Terms of payment depend on the relative negotiating strength of the buyers and sellers. U.S. suppliers should seek to obtain letters of credit or sight draft terms when dealing with buyers who are not well known to them. Asking for a letter of credit is a standard business practice, and your potential customer will not generally interpret this as a sign of mistrust.

The importance of trade finance to Hong Kong has resulted in a high level of bank efficiency in providing import payment services. Letters of Credit, document collection and international remittance are widely available. All licensed banks are authorized to provide loans to residents and nonresidents. The risk of financing receivables can be readily evaluated via locally available credit information. Prospective exporters should make use of banking relationships to determine credit risk.

**E. Types of Available Export Financing and Insurance**

The U.S. ExIm Bank offers both trade financing and insurance for U.S. exports. Commercial vendors are also readily available.

**F. Availability of Project Financing, Including OPIC and Eximbank Project Finance, and Lending from Multilateral Institutions**

Hong Kong and Macau are not recipients of official development assistance. Projects are financed on commercial terms. U.S. Trade and Development Agency programs are available for Hong Kong and Macau. Hong Kong is also a major center for commercial project financing for China.

**G. List of Banks with Correspondent U.S. Banking Arrangements**

The list of Hong Kong based banks with correspondent U.S. banking arrangements is too large to include here. Appendix E(f) provides a list of U.S. banks licensed in Hong Kong. Hong Kong's five largest local banks are indicated in Section VII (I), above.

**H. The Asian Development Bank**

The Asian Development Bank (ADB) is headquartered in Manila, Philippines. The Bank maintains resident offices in Bangladesh, Cambodia, India, Indonesia, Nepal, Pakistan, Sri Lanka, Vietnam, and Vanuatu. The Bank also maintains representative offices in Tokyo,

Washington, D.C., and Frankfurt. The U.S. Department of Commerce maintains a Commercial Liaison Office in Manila which offers assistance to American companies wishing to take advantage of lucrative commercial opportunities from ADB projects. About 70 percent of a loan project goes to the procurement of goods, civil works and services. In 1998, American companies won \$644 million worth of contracts under ADB projects for a wide range of equipment and services.

To carry out its mission of developmental aid to member countries, ADB lends to 33 active borrowers in the region including South Asia, the Pacific Islands and four countries in Central Asia (Kyrgyz Republic, Kazakhstan, Uzbekistan and Tajikistan). Total ADB lending in 1998 reached US\$5.9 billion. The largest borrowers were Indonesia (30%), the PRC (20%), and the Philippines (14%).

The ADB is active in all sectors but is focusing increasingly on social infrastructure projects such as education, health, housing and environmental projects. In 1998, owing mainly to the financial crisis in Asia, the largest share of lending went to the financial sector (28%). The transport and communications sector ranked second (25%); multisector third (15.7%) and social infrastructure fourth (11.7%).

The Bank also promotes private sector participation in development through its Private Sector Group and offers loans and equity investments for projects that have a developmental impact. The Bank's private sector operations are meant to catalyze additional capital input into these projects.

The U.S. Commercial Liaison Office works with the Commercial Service posts in the region to assist its clients. Interested parties should contact: Denny Barnes, Director, FCS/ADB, tel: (632) 804-0460/0353, fax: (632) 804-0357. E-mail: [Denny.Barnes@mail.doc.gov](mailto:Denny.Barnes@mail.doc.gov) or [csadb@pacific.net.ph](mailto:csadb@pacific.net.ph). For detailed information on ADB projects, the ADB's website is: [www.adb.org](http://www.adb.org).

## **IX. BUSINESS TRAVEL**

### **A. Business Customs**

Over the years, Hong Kong has developed as a unique society based on Chinese tradition and western technology. It is a society which practices religious and racial tolerance. Above all, it is a society that emphasizes hard work and success.

Americans encounter few if any cultural problems when conducting business in Hong Kong. Americans should be aware that Hong Kong people tend to be more formal than many Americans. Business acquaintances are

addressed as Mr. or Ms. unless they state that their first name should be used. Business cards are exchanged frequently and the exchange should be fairly formal: the card should be accepted with both hands and a moment taken to read it carefully. "Face" is very important, and problems or areas of disagreement are handled indirectly to avoid loss of "face." While a study of local customs and practices may be helpful, most people in Hong Kong are sufficiently familiar with Western customs that they are tolerant of cultural differences. Business contacts should be treated the same as a formal business relationship in the United States. Western business attire (suit and tie for men, business suits for women) is appropriate.

## **B. Travel Advisory and Visas**

Visas allowing residence and local employment for expatriates are granted on the basis of simple, comprehensible procedures, are handled in a timely manner and managed in a way that is consistent with the interests of employees. There are no quotas, bonds, or guarantees required. All residents are equal under the law, enjoy freedom of movement, access to public education, and basic civil freedoms.

Visiting Americans generally fit in well. Most Hong Kong business executives speak English, and are accustomed to dealing with Westerners.

## **C. Holidays**

### 1999

September 25	Day following the Mid-Autumn Festival
October 1	National Day
October 18	Day following the Chung Yeung Festival
December 25	Christmas Day
December 27	First week-day after Christmas Day
December 31	General Holiday - To be named

### 2000

January 1	New Year's Day
February 4	Day preceding Lunar New Year's Day
February 5	Lunar New Year's Day
February 7	Third day of the Lunar New Year
April 4	Ching Ming Festival
April 21	Good Friday
April 22	Day following Good Friday
April 24	Easter Monday
May 1	Labor Day
May 11	The Buddha's Birthday

June 6	Tuen Ng Festival
July 1	Hong Kong Special Administrative Region Establishment Day
September 13	Day following Chinese Mid-Autumn Festival
October 2	Day following National Day
October 6	Chung Yeung Festival
December 25	Christmas Day
December 26	First week-day after Christmas Day

#### **D. Work Week**

Business hours are 9 to 5, Monday through Friday. Saturday has traditionally been a half day but, due to the competition to keep staff, many companies now advertise a 5 day workweek.

#### **E. Business Infrastructure (e.g. transportation, language, communications, housing, health, food)**

Housing, food, telecommunications, transportation and healthcare are all available at levels comparable to major American cities. Most people live in apartments in high-rise buildings. Rents for housing are usually very high. Hong Kong has many different types of restaurants, offering a wide variety of international food. Grocery stores are also stocked with an international selection of items. Communications facilities are excellent. Long distance telephone and facsimile services can be easily arranged with telecommunications companies, and are available in hotels and business centers. Hong Kong also has a very good public transportation system. Major modes of transportation include buses, the Mass Transit Railway (underground subway system), trams, ferries, the Kowloon-Canton Railway and taxis. In addition, almost all major airlines service Hong Kong. Healthcare facilities are also excellent, and Hong Kong's private hospitals and private physicians are of international standards.

Your business partners will often speak English, and will negotiate on a very business-like basis. It should be noted, however, that as companies from China continue to expand their business activities in Hong Kong, more business is being conducted in Mandarin. When conducting business with these companies, U.S. business people may be well advised to bring along a Mandarin-English interpreter to avoid any misunderstandings.

#### **F. Temporary Entry of Goods (e.g. laptop computers, software, exhibit materials)**

Hong Kong Customs does not restrict the temporary import of goods into

Hong Kong, such as laptop computers, software and general exhibit materials, for business purposes so long as the goods are not restricted items which normally require an import license. The temporary import of supercomputers, which is a controlled item, or of any exhibit materials which are also controlled items, would require a license even if the commodity is being shipped in only for exhibit purposes.

U.S. business travelers are encouraged to obtain a copy of the "Key Officers of Foreign Service Posts: Guide for Business Representatives" available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; tel. (202) 512-1800; fax (202) 512-2250. Business travelers to Hong Kong seeking appointments with U.S. Consulate General Hong Kong officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at (852) 2521-1467, fax at (852) 2845-9800, or email at Hong.Kong.Office.Box@mail.doc.gov.

## **X. ECONOMIC AND TRADE STATISTICS**

### **APPENDIX A -- COUNTRY DATA**

- |                                  |  |
|----------------------------------|--|
| <b>a. Population</b>             | 6.8 million (early-1999)   |
| <b>b. Population Growth Rate</b> | 2.8%   |
| <b>c. Religion(s)</b>            | Buddhist, Taoist, Christian, small numbers of Moslems, Hindus, Jews, and Sikhs.  |
| <b>d. Government System</b>      | Reverted to Chinese sovereignty and became a Special Administrative Region of China on July 1, 1997 with a high degree of autonomy until 2047. |
| <b>e. Language(s)</b>            | English and Cantonese are the languages of administration and commerce. Mandarin Chinese is becoming increasingly common.                      |

## APPENDIX B -- DOMESTIC ECONOMY

(US\$ Millions, unless otherwise noted)

	<u>1997</u>	<u>1998</u>	<u>1999 (est)</u>
<b>a. GDP</b> (current prices) 164,438	171,451	165,281	
<b>b. Real GDP Growth (%)</b>	5.3	-5.1	0.5
<b>c. GDP Per Capita</b> (US\$) 24,270 (current prices)	26,302		24,716
<b>d. Government Spending as % of GDP</b> (FY)	18.3	19.2	21.1
<b>e. Inflation (%)</b>	5.7	2.8	-2.5
<b>f. Unemployment (%)</b>	2.2	4.7	6.7
<b>g. Foreign Exchange Reserves</b> 90,068	92,800		89,620
<b>h. Average Exchange Rate for US\$1.00</b>	7.746	7.745	7.746
<b>i. Debt Service Ratio*</b>	N/A	N/A	N/A
<b>j. U.S. Military/Economic Assistance</b>	N/A	N/A	N/A

Sources: Hong Kong Government; forecasts for 1999 are U.S. Consulate General unofficial projections.

Note: Beginning July 1, 1997, the Land Fund, estimated to be US\$ 19.2 billion, has been included in the Foreign Exchange Reserves.

\* The Hong Kong government has no foreign debt.

## APPENDIX C -- MERCHANDISE TRADE

(US\$ Millions, unless otherwise noted)

<u>1997</u>	<u>1998</u>	<u>1999</u>
-------------	-------------	-------------

**a. Total Country Exports**

Total Exports (including re-exports)	186,660	172,776	163,022
of which: Domestic Exports	27,104	24,161	
22,503			

**b. Total Country Imports**

Total Imports	207,063	183,217	175,515
of which: Retained Imports	75,671	60,600	
59,675			

**c. U.S. Exports**

U.S. Exports to Hong Kong	17,076	14,239	
14,041			

**d. U.S. Imports**

Hong Kong Exports to the U.S. (domestic exports)	7,061	7,031	6,751
(re-exports)	33,509		33,315
33,290			

Note: The above statistics are based on Hong Kong Government trade statistics. U.S. Department of Commerce statistics show U.S. exports to Hong Kong in 1998 of \$12.9 billion, and imports from Hong Kong of \$10.5 billion.

The 1999 numbers are based on U.S. Consulate General unofficial projections.

Sources: Hong Kong Government

**APPENDIX D -- INVESTMENT STATISTICS**

(See Section VII. Investment Climate, Part P, Foreign Direct Investment Statistics)

**XI. U.S. AND HONG KONG CONTACTS**

**APPENDIX E -- U.S. AND HONG KONG CONTACTS**

**a. U.S. Consulate General Trade-Related Contacts**

Foreign Commercial Service -- Hong Kong

Senior Commercial Officer	Ira Kasoff	U.S. Consulate General
Commercial Officers	David Murphy Joel Fischl Jerry Woolsey Tel: (852) 2521-1467 Fax: (852) 2845-9800	26 Garden Road Hong Kong

Economic/Political Section -- Hong Kong

Chief	Lisa Kubiske	U.S. Consulate General
Economic-Political Section	Tel: (852) 2841-2101 Fax: (852) 2526-7382	26 Garden Road Hong Kong

Foreign Agricultural Service -- Hong Kong

Agricultural Trade Officer	Howard Wetzel	U.S. Consulate General
Asst. Agricultural Road	George Ferris	26 Garden
Trade Officer	Tel: (852) 2841-2350 Fax: (852) 2845-0943	Hong Kong

Department of Commerce -- International Trade Administration

Country Desk Officer	Kristie Strecker Tel: (202) 482-3932 Fax: (202) 482-1576	U.S. Department of Commerce Room 2317 Office of China, Hong Kong and Mongolia 14th & Constitution Ave, NW Washington, D.C. 20230
US&FCS Director East Asia and Pacific	Carmine DALoisio Tel: (202) 482-2422 Fax: (202) 501-6165	U.S. Department of Commerce Room 1229 Office of International Operations 14th &



Constitution Ave,  
NW  
Washington, D.C.  
20230

Department of State

Country Desk Officer

Jeff Moon

U.S. Department of  
State

Tel: (202) 647-6802 Office of Chinese

Fax: (202) 647-6820 and

Mongolian

Affairs

Room 4318

Washington, D.C.  
20520

**b. American Chamber of Commerce and/or Bilateral Business Councils**

American Chamber of Commerce in Hong Kong

Frank G. Martin, President

1904 Bank of America Tower

12 Harcourt Road

Central, Hong Kong

Tel: (852) 2526-0165

Fax: (852) 2810-1289

E-mail: [amcham@amcham.org.hk](mailto:amcham@amcham.org.hk)

web site: <http://www.amcham.org.hk>

U.S. China Business Council

2802 Admiralty Centre, Tower I

18 Harcourt Rd., Hong Kong

Tel: (852) 2527-5397

Fax: (852) 2527-1516

E-mail: [uscbc@netvigator.com](mailto:uscbc@netvigator.com)

web site: <http://www.uschina.org>

**c. Hong Kong Trade or Industry Associations in Key Sectors**

Chartered Institution of Building Services Engineers

(Hong Kong Branch Committee)

Mr. K.O. Yeung, Chairman

Ovearup & Partners

54/F Hopewell Centre

183 Queen's Road East  
Hong Kong  
Tel: (852) 2833-4342  
Fax: (852) 2833-4444 / (852) 2833-4341

Chartered Institute of Building (Hong Kong Branch)  
Mr. Dixon Chan, Honorary Secretary  
2/F, 11A Mercer Street  
Sheung Wan  
Hong Kong  
Tel: (852) 2543-6369  
Fax: (852) 2543-6727

Chinese General Chamber of Commerce, Hong Kong  
Dr. Robin Chan, Chairman  
4th Floor, 24-25 Connaught Road  
Central  
Hong Kong  
Tel: (852) 2525-6385  
Fax: (852) 2845-2610  
E-mail: [cgcc@cgcc.org.hk](mailto:cgcc@cgcc.org.hk)  
web site: <http://www.cgcc.org.hk>

Chinese Manufacturers' Association of Hong Kong  
Mr. Herbert Liang, Chairman  
CMA Building  
64-66 Connaught Road  
Central  
Hong Kong  
Tel: (852) 2542-8600  
Fax: (852) 2541-4541  
E-mail: [cma@hkstar.com](mailto:cma@hkstar.com)  
web site: [www.cma.org.hk](http://www.cma.org.hk)

Computer Club Hong Kong Ltd.  
Mr. Joe Leung, Chairman  
Room 9A, 9/F  
Go-Up Commercial Bldg  
998 Canton Road  
Mongkok, Hong Kong  
Tel: (852) 2374-1328  
Fax: (852) 2374-0859

The Cosmetic & Perfumery Association of Hong Kong Ltd.  
Mr. Kwok Wai Hung, President  
Room 308 Winning Commercial Building  
46-48 Hillwood Road  
Tsimshatsui, Hong Kong

Tel: (852) 2366-8801  
Fax: (852) 2312-0348

Federation of Hong Kong Industries  
Mr. Henry Tang, Chairman  
4th Floor, Hankow Center  
5-15 Hankow Road, Tsimshatsui  
Kowloon, Hong Kong  
Tel: (852) 2732-3188  
Fax: (852) 2721-3494  
E-mail: fhki@fhki.org.hk  
web site: <http://www.fhki.org.hk>

Graphic Arts Association of Hong Kong Ltd.  
Mr. John K.F. Ng, Chairman  
Rm. 2307 Billion Trade Centre  
31 Hung To Road  
Kwun Tong  
Kowloon, Hong Kong  
Tel: (852) 2856-9760  
Fax: (852) 2856-9765  
E-mail: [info@gaahk.org.hk](mailto:info@gaahk.org.hk)  
web site: <http://www.gaahk.org.hk>

Hong Kong Air Traffic Control Association  
Mr. Brett Walton, President  
Air Traffic Management Division  
Civil Aviation Department  
1 Control Tower Road  
Hong Kong International Airport  
Lantau, Hong Kong  
Tel: (852) 2910-6821  
Fax: (852) 2910-1177

Hong Kong Association for the Advancement of Science & Technology  
Professor Edward K.N. Yung  
2A, Tak Lee Commercial Bldg.  
113-117 Wanchai Road  
Wanchai, Hong Kong  
Tel: (852) 2891-3388  
Fax: (852) 2838-1823

Hong Kong Association of Certification Laboratories Ltd.  
Mr. Henry Yeung, Chairman  
1/F, CMA Bldg  
64-66 Connaught Road  
Central, Hong Kong  
Tel: (852) 2542-8620

Fax: (852) 2541-4541  
E-mail: ats@cma.org.hk  
Web site: www.cma.org.hk/acl/acl.htm

Hong Kong Association of the Pharmaceutical Industry  
Mr. Tom Curtiss, President  
Rm. A, 13/F, Trust Tower  
68 Johnston Road  
Wan Chai, Hong Kong  
Tel: (852) 2528-3061  
Fax: (852) 2865-6283  
E-mail: hkapi@netvigator.com

Hong Kong Aviation Club Ltd.  
Mr. Alex Yan, President  
31 Sung Wong Toi Road  
Kowloon, Hong Kong  
Tel: (852) 2713-5171  
Fax: (852) 2761-9511  
E-mail: hkac@netvigator.com

The Hong Kong Chinese Importers' & Exporters' Association  
Mr. Ng Lin Fung, President  
7-8th Floors, Champion Building  
287-291 Des Voeux Road  
Central, Hong Kong  
Tel: (852) 2544-8474  
Fax: (852) 2544-4677

Hong Kong Computer Society  
Mr. Daniel Lai, President  
Unit D, 1/F. Luckifast Bldg  
1 Stone Nullah Lane  
Wanchai, Hong Kong  
Tel: (852) 2834-2228  
Fax: (852) 2834-3003  
E-mail: hkcs@hkcs.org.hk  
Web site: www.hkcs.org.hk

Hong Kong Construction Association Ltd.  
Mr. Jimmy Tse, President  
3/F. 180-182 Hennessy Road  
Wanchai, Hong Kong  
Tel: (852) 2572-4414  
Fax: (852) 2572-7104  
E-mail: hkca@hingenet.com  
web site: www.hkca.hingenet.com

The Hong Kong Electronics Industries Association Ltd.  
Dr. M.W. Lui, Chairman  
Unit 208-209, HK Industrial Technology Center  
72 Tat Chee Ave., Kowloon Tong, Hong Kong  
Tel: (852) 2778-8328  
Fax: (852) 2788-2200  
E-mail: hkeia@hkeia.org  
web site: www.hkeia.com

Hong Kong Federation of Insurers  
Mr. Robert Ka, Chairman  
902, 9/F, First Pacific Bank Center  
56 Gloucester Road  
Wanchai, Hong Kong  
Tel: (852) 2520-1868  
Fax: (852) 2520-1967  
E-mail: hkfi@hkfi.org.hk  
web site: www.hkfi.org.hk

The Hong Kong General Chamber of Commerce  
Dr. Eden Woon, Director  
Unit A, 22nd Floor, United Center  
95 Queensway  
Hong Kong  
Tel: (852) 2529-9229  
Fax: (852) 2527-9843  
E-mail: inquiry@hkgcc.org.hk  
web site: www.hkgcc.org.hk

Hong Kong Institution of Engineers  
Mr. Ir Otto Poon, President  
9/F Island Centre  
No 1 Great George Street  
Causeway Bay, Hong Kong  
Tel: (852) 2895-4446  
Fax: (852) 2577-7791

The China Hong Kong International Aerospace Forum  
Mr. Peter Lok, Secretary General  
c/o Saab Aircraft International Ltd  
7/F Harcourt House  
39 Gloucester Road  
Wanchai, Hong Kong  
Tel: (852) 2869-8483  
Fax: (852) 2869-5783

Hong Kong Medical Association  
Dr. So Kai Ming, President

5/F., Duke of Windsor Social Service Building  
15 Hennessy Road  
Wanchai, Hong Kong  
Tel: (852) 2527-8285  
Fax: (852) 2865-0943  
E-mail: [hkma@hkma.org](mailto:hkma@hkma.org)  
web site: <http://www.hkma.org>

Hong Kong PATA (Pacific Asia Travel Association) Chapter  
Mr. Brian Deeson, Chairman  
Room 1003, Tung Ming Building  
40 Des Voeux Road  
Central, Hong Kong  
Tel: (852) 2869-8600  
Fax: (852) 2869-8632

Hong Kong Pharmaceutical Manufacturers Association Ltd.  
Mr. Sin Lam Kwong, President  
17/F, Jing Ho Industrial Building  
78-84 Wing Lung Street  
Tsuen Wan, New Territories  
Hong Kong  
Tel: (852) 2407-3271  
Fax: (852) 2407-5707

Hong Kong Plastic Material Suppliers Association  
Mr. S.Y. Chu, Chairman  
12/F. Eader Center  
39-41 Hankow Road  
Tsimshatsui, Hong Kong  
Tel: (852) 2375-2686  
Fax: (852) 2317-1129

Hong Kong Plastic Technology Center Ltd.  
Prof. C.K. Poon, Acting Chairman  
U509 Hong Kong Polytechnic University  
Hung Hom, Kowloon, Hong Kong  
Tel: (852) 2766-5577  
Fax: (852) 2766-0131  
E-mail: [hkptc@plastics-ctr.org.hk](mailto:hkptc@plastics-ctr.org.hk)  
web site: <http://www.plastics-ctr.org.hk>

Hong Kong Printers Association  
Mr. Ho Ka Hun, Chairman  
1/F. 48-50 Johnston Road  
Wanchai, Hong Kong  
Tel: (852) 2527-5050  
Fax: (852) 2861-0463

Hong Kong Productivity Council  
Mr. Kenneth Fang, Chairman  
HKPC Building  
78 Tat Chee Ave.  
Kowloon, Hong Kong  
Tel: (852) 2788-5678  
Fax: (852) 2788-5900  
E-mail: hkpcenq@hkpc.org  
web site: www.hkpc.org

Hong Kong Telecom Association  
Mr. Hubert Ng, Chairman  
GPO Box 13461  
Hong Kong  
Tel: (852) 2504-2732  
Fax: (852) 2504-2752  
E-mail: tahk@glink.net.hk  
web site: www.tahk.org.hk

Hong Kong Trade Development Council  
Mr. Michael Sze, Executive Director  
38th Floor, Office Tower  
Convention Plaza  
1 Harbor Road  
Wanchai, Hong Kong  
Tel: (852) 2584-4333  
Fax: (852) 2824-0249  
E-mail: hktdc@tdc.org.hk  
web site: www.tdc.org.hk

Hong Kong/United States Economic Co-operation Committee  
c/o Hong Kong Trade Development Council  
Miss Anne Chick, Secretary  
38th Floor, Office Tower, Convention Plaza  
1 Harbor Road  
Wanchai, Hong Kong  
Tel: (852) 2584-4333  
Fax: (852) 2583-9275  
E-mail: hktdc@tdc.org.hk  
Web site: www.tdc.org.hk

Internet Service Providers Association  
Mr. Charles Mok, Chairman  
Hong Kong Internet Service Providers Association  
Room 3203, East Tower  
Shun Tak Centre  
168-200 Connaught Road Central

Hong Kong  
Tel: (852) 2110-3388  
Fax: (852) 2110-0099

Office of the Telecommunications Authority  
Mr. Antony Wong, Director General  
29th Floor, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong  
Tel: (852) 2961-6333  
Fax: (852) 2803-5110  
web site: [www.ofta.gov.hk](http://www.ofta.gov.hk)

Hong Kong Tourist Association  
Mrs. Amy Chan, Executive Director  
9-11/F, Citicorp Centre  
18 Whitfield Road  
North Point, Hong Kong  
Tel: (852) 2807-6543  
Fax: (852) 2806-0303  
web site: [www.hkta.org](http://www.hkta.org)

Society of Builders Hong Kong  
Mr. Franco Hui, Hon. Secretary  
Rm 801-802, On Lok Yuen Building  
25 Des Voeux Road Central  
Central, Hong Kong  
Tel: (852) 2523-2081  
Fax: (852) 2845-4749

Travel Industry Council of Hong Kong  
Mr. Simon Hau, Chairman  
Room 1706-1709, Fortress Tower  
250 King's Road  
North Point, Hong Kong  
Tel: (852) 2807-1199  
Fax: (852) 2510-9907  
E-mail: [execoff@tichk.org](mailto:execoff@tichk.org)  
Web site: [www.tichk.org](http://www.tichk.org)

World Energy Council Member Committee of Hong Kong, China  
c/o China Light & Power Co. Ltd.  
Mr. Ross Sayers, Chairman  
147 Argyle Street  
Kowloon, Hong Kong  
Tel: (852) 2678-6401  
Fax: (852) 2678-6580  
E-mail: [ekwong@clp.com.hk](mailto:ekwong@clp.com.hk)  
web site: <http://www.clpgroup.com>



**d. Hong Kong Government Offices Relating to Key Sectors  
and/or Significant Trade Related Activities**

Government & Quasi Government Offices Relating to Key Sectors

Agriculture and Fisheries Department  
Mrs. Lessie Wei, Director  
13/F, Canton Road Government Offices  
393 Canton Road  
Kowloon  
Hong Kong  
Tel: (852) 2733-2174  
Fax: (852) 2311-3731

Airport Authority  
Dr. Victor Fung, Chairman  
8 Chun Yue Road,  
Hong Kong International Airport,  
Lantau, Hong Kong  
Tel: (852) 2824-7111  
Fax: (852) 2824-0717  
web site: [www.hkairport.com](http://www.hkairport.com)

Buildings Department  
12/F, Pioneer Centre  
750 Nathan Road  
Mongkok  
Kowloon, Hong Kong  
Tel: (852) 2626-1313  
Fax: (852) 2840-0451

Census & Statistics Department  
Mr. Freddie Ho, Commissioner for Census  
21st Floor, Wanchai Tower  
12 Harbor Road  
Wanchai, Hong Kong  
Tel: (852) 2582-4807  
Fax: (852) 2802-4000  
E-mail: [tradenq@censtatd.gcn.gov.hk](mailto:tradenq@censtatd.gcn.gov.hk)  
web site: <http://www.info.gov.hk/censtatd>

Civil Aviation Department  
Mr. Albert Lam, Director  
46th Floor, Queensway Government Offices  
66 Queensway, Hong Kong  
Tel: (852) 2867-4332

Fax: (852) 2869-0093

Consumer Council  
Mrs. Pamela Chan, Chief Executive  
22nd Floor, K. Wah Center  
191 Java Road  
North Point, Hong Kong  
Tel: (852) 2856-3113  
Fax: (852) 2856-3611  
E-mail: [cc@consumer.org.hk](mailto:cc@consumer.org.hk)  
web site: <http://www.consumer.org.hk>

Customs & Excise Department  
Mr. John C. Tsang, Commissioner  
9th Floor, Harbor Building  
38 Pier Road  
Central, Hong Kong  
Tel: (852) 2852-3185  
Fax: (852) 2542-3334  
E-mail: [gpd@hkstar.com](mailto:gpd@hkstar.com)  
web site: <http://www.info.gov.hk/customs>

Drainage Services Department  
Mr. John Collier, Director  
43rd Floor, Revenue Tower  
5 Gloucester Road  
Wanchai, Hong Kong  
Tel: (852) 2594-7033  
Fax: (852) 2827-8605  
web site: [www.info.gov.hk/dsd/index.htm](http://www.info.gov.hk/dsd/index.htm)

Electrical & Mechanical Services Department  
Mr. C.T. Leung, Director  
98 Caroline Road  
Causeway Bay, Hong Kong  
Tel: (852) 2882-8011  
Fax: (852) 2890-7493  
Web site: [www.info.gov.hk/emsd](http://www.info.gov.hk/emsd)

Environmental Protection Department  
Mr. R.J.S. Law, Director  
24th-28th Floors, Southorn Centre  
130 Hennessy Road  
Wanchai, Hong Kong  
Tel: (852) 2835-1018  
Fax: (852) 2838-2155  
web site: <http://www.info.gov.hk/epd>

Government Supplies Department  
Mr. Nigel C.N. Shipman, Director  
10/F, North Point Government Office,  
333 Java Road,  
North Point, Hong Kong.  
Tel: (852) 2231-5105  
Fax: (852) 2887-6591

Department of Health  
Dr. Margaret Chan, Director  
17th & 21st Floors, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong  
Tel: (852) 2961-8989  
Fax: (852) 2836-0071  
E-mail: [dhenq@dh.gcn.gov.hk](mailto:dhenq@dh.gcn.gov.hk)  
web site: <http://www.info.gov.hk/dh/index.htm>

Hospital Authority  
Mr. Peter Wu, Chairman  
Hospital Authority Bldg  
147B Argyle Street  
Kowloon, Hong Kong  
Tel: (852) 2300-6555  
Fax: (852) 2881-8058  
web site: [www.ha.org.hk](http://www.ha.org.hk)

Industry Department  
Mr. Francis Ho, Director-General  
14th Floor, Ocean Center  
5 Canton Road  
Tsimshatsui, Hong Kong  
Tel: (852) 2737-2208  
Fax: (852) 2730-4633  
E-mail: [industry@id.gcn.gov.hk](mailto:industry@id.gcn.gov.hk)  
web site: <http://www.inf.gov.hk/id>

Office of the Commissioner of Insurance  
Mr. Alan Wong, Commissioner  
21st Floor, Queensway Government Offices  
66 Queensway  
Central, Hong Kong  
Tel: (852) 2867-2565  
Fax: (852) 2869-0252  
E-mail: [mail@oci.gov.hk](mailto:mail@oci.gov.hk)  
web site: <http://www.oci.gov.hk>

Intellectual Property Department

Mr. Stephen Selby, Director  
24th & 25th Floor, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong  
Tel: (852) 2803-5860  
Fax: (852) 2838-6276  
E-mail: [hkgipd@hk.super.net](mailto:hkgipd@hk.super.net)  
web site: [www.houston.com.hk/hkgipd](http://www.houston.com.hk/hkgipd)

Hong Kong Productivity Council  
Mr. Kenneth Fang, Chairman  
HKPC Building  
78 Tat Chee Avenue  
Yau Yat Chuen, Hong Kong  
Tel: (852) 2788-5678  
Fax: (852) 2788-5900  
E-mail: [hkpcenq@hkpc.org](mailto:hkpcenq@hkpc.org)  
web site: <http://www.hkpc.org>

Hong Kong Trade Development Council  
Mr. Michael Sze, Executive Director  
38th Floor, Office Tower  
Convention Plaza  
1 Harbor Road  
Wanchai, Hong Kong  
Tel: (852) 2584-4333  
Fax: (852) 2824-0249  
E-mail: [hktdc@tdc.org.hk](mailto:hktdc@tdc.org.hk)  
web site: [www.tdc.org.hk](http://www.tdc.org.hk)

Office of the Telecommunications Authority  
Mr. Anthony Wong, Director General  
29th Floor, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong  
Tel: (852) 2961-6333  
Fax: (852) 2803-5110  
web site: [www.ofta.gov.hk](http://www.ofta.gov.hk)

Trade Department  
Mr. Joshua Law, Director-General (nominated)  
Ground Floor, Trade Department Tower  
700 Nathan Road  
Kowloon, Hong Kong  
Tel: (852) 2398-5333  
Fax: (852) 2789-2491, (825) 2395-3182  
web site: [www.info.gov.hk/trade](http://www.info.gov.hk/trade)

**e. Hong Kong Market Research Firms**

AC Nielsen  
2/F East Wing, Warwick House  
Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong  
Tel: (852) 2880-3500  
Fax: (852) 2856-7442

Arthur Anderson & Co.  
25th Floor, Wing On Centre  
111 Connaught Road  
Central, Hong Kong  
Tel: (852) 2852-0222  
Fax: (852) 2815-0548

Asian Strategies Ltd.  
4401 China Resources Bldg.  
26 Harbor Road  
Wanchai, Hong Kong  
Tel: (852) 2827-4627  
Fax: (852) 2827-6097

Boston Consulting Group, The  
34th Floor, Times Square  
Shell Tower, 1 Matheson Street  
Causeway Bay, Hong Kong  
Tel: (852) 2506-2111  
Fax: (852) 2506-9084

Gartner Group Hong Kong Ltd.  
Suite 5904-7, 59/F  
Central Plaza  
18 Harbor Road  
Wanchai, Hong Kong  
Tel: (852) 2824-6168  
Fax: (852) 2824-6138

Hong Kong Productivity Council  
Marketing Group  
HKPC Building  
78 Tat Chee Avenue  
Yau Yat Chuen, Kowloon, Hong Kong  
Tel: (852) 2788-5678  
Fax: (852) 2788-5042

International Data Corporation China/Hong Kong Ltd.  
12/F St. John's Building  
33 Garden Road  
Central, Hong Kong  
Tel: (852) 2530-3831  
Fax: (852) 2537-7347

Industrial Market Research (HK) Ltd.  
2802 Admiralty Centre, Tower 1  
18 Harcourt Road  
Central, Hong Kong  
Tel: (852) 2529-0356  
Fax: (852) 2861-3420

Marketing & Management Solutions  
3B Golden Hill Mansion  
209-211 Hennessy Road  
Wanchai, Hong Kong  
Tel: (852) 2511-2021  
Fax: (852) 2598-7378

Nomura Research Institute (HK) Ltd.  
20/F, Citibank Tower  
3 Garden Road  
Central, Hong Kong  
Tel: (852) 2536-1800  
Fax: (852) 2536-1818

Ogilvy & Mather (Asia) Pte. Ltd.  
7th Floor, Mount Parker House  
Taikooshing  
Quarry Bay, Hong Kong  
Tel: (852) 2567-4461  
Fax: (852) 2885-3227

Pacific Rim Consulting Group  
8th Floor, California Tower  
30-32 D'Aguilar Street  
Central, Hong Kong  
Tel: (852) 2973-0116  
Fax: (852) 2810-4845

Research International Asia Ltd.  
Unit 3503, 35/F, Hong Kong Telecom Tower  
Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

Tel: (852) 2591-2591  
Fax: (852) 2591-2599

Ringe Marketing Services Ltd  
1306 Hermes Commercial Centre  
4 Hillwood Road  
Tsimshatsui  
Kowloon, Hong Kong  
Tel: (852) 2366-3089  
Fax: (852) 2722-6300

Sidley & Austin  
Suite 3403-5, Two Exchange Square  
Central, Hong Kong  
Tel: (852) 2901-3800  
Fax: (852) 2901-3850

**f. Licensed U.S. Commercial Banks in Hong Kong**

American Express Bank Ltd.  
35th Floor, One Pacific Place  
88 Queensway, Hong Kong  
Tel: (852) 2844-0688  
Fax: (852) 2845-3637

Bank of America NT & SA  
1st Floor, Bank of America Tower  
12 Harcourt Road, Hong Kong  
Tel: (852) 2847-5333  
Fax: (852) 2847-5410

Bank of California, The  
15th Floor, Asia Pacific Finance Tower  
Citibank Plaza, 3 Garden Road  
Hong Kong  
Tel: (852) 2826-0600  
Fax: (852) 2877-2666

Bank of New York, The  
6th Floor, New Henry House  
10 Ice House Street  
Hong Kong  
Tel: (852) 2840-9888  
Fax: (852) 2810-5279

BankBoston, NA  
Suites 801-809 Jardine House

1 Connaught Place  
Central, Hong Kong  
Tel: (852) 2526-4361  
Fax: (852) 2845-9222

Bankers Trust Company  
36th Floor, Two Pacific Place  
88 Queensway, Hong Kong  
Tel: (852) 2533-8000  
Fax: (852) 2533-8388

Chase Manhattan Bank, The  
40/F, Tower I, Exchange Square  
8 Connaught Place  
Central, Hong Kong  
Tel: (852) 2841-4321  
Fax: (852) 2841-4396

Citibank NA  
40/F, 44-50/F, Citibank Tower Citibank Plaza  
Citibank Plaza, 3 Garden Road  
Central, Hong Kong  
Tel: (852) 2868-8888  
Fax: (852) 2868-8111

First National Bank of Chicago, The  
13th Floor, Jardine House  
1 Connaught Place  
Hong Kong  
Tel: (852) 2844-9222  
Fax: (852) 2844-9318

NationsBank NA  
32/F Dah Sing Finance Centre  
108 Gloucester Road  
Wanchai, Hong Kong  
Tel: (852) 2597-2565  
Fax: (852) 2597-2142

NBD Bank, NA  
Room 804 Lippo Tower Lippo Center  
89 Queensway, Hong Kong  
Tel: (852) 2523-1816  
Fax: (852) 2810-6582

Norwest Bank Minnesota, NA  
9/F, The Peninsula Office Tower  
18 Middle Road, TST



Kowloon, Hong Kong.  
Tel: (852) 2315-9500  
Fax: (852) 2721-0033

Note: This list does not include U.S. restricted license banks, deposit taking companies, and representative offices

**g. TPCC Trade Information Center in Washington**

Trade Information Center (TIC)  
Tel: 1-800-USA-TRADE (1-800-872-8723)  
Fax: (202) 482-4473

TIC specialists provide basic export counseling and information on export services and programs offered by 20 federal agencies of the Trade Promotion Coordinating Committee (TPCC). The annual report of the TPCC, "The National Export Strategy", designates "the Trade Information Center, situated in the U.S. Department of Commerce, as the single TPCC-wide information office that will coordinate specialized non-agricultural export information offices."

**h. U.S. Department of Agriculture**

Trade Assistance and Planning Officer  
Mr. Karl Hampton  
Room 4939, South Building  
14th & Independence, SW  
Washington, D.C. 20250-1000  
Tel: (202) 690-0207  
Fax: (202) 690-4374

North Asia Area Officer  
Mr. Wayne Molstad  
Room 5098, South Building  
14th & Independence, SW  
Washington D.C. 20250-1000  
Tel: (202) 720-3080  
Fax: (202) 720-8316

**XII. MARKET RESEARCH AND TRADE EVENTS**

**APPENDIX F -- MARKET RESEARCH**

## A. Industry Sector Analyses

FCS Hong Kong prepares a number of Industry Subsector Analyses (ISAs) every year. These reports are on subsectors of our Best Prospects or other market segments which offer good opportunities for US exports. These reports are available on the National Trade Data Bank (NTDB).

In FY 99 we have submitted (or will be submitting) the following reports:

### Sector Code/ ISA Topics FY 99

(MED) Rehabilitation Equipment  
(POL) Medical Waste Treatment Equipment and Services  
(PAP) Kraft Paper  
(CSF) Electronic Commerce Development in Hong Kong  
(IRN) Structural Steel and Specialty Steel Products  
(TEL) Optical Fibre  
(COS) Cosmetics  
(DRG) Over-the-Counter Drugs  
(POL) Indoor Air Quality Pollution Control Equipment  
(TES/TEL) Internet Telephony  
(LAB) Analytical Instruments  
(ACE) Architectural, Engineering & Construction Services  
(CPT) Networking Equipment  
(GSV) Retailing

For FY 2000, we plan to complete ISAs on the following topics:

<u>Sector Code/Proposed ISA Topics FY 2000</u>	<u>Due Date</u>
(WRE) Privatization in Water Treatment Works	Jan. 31, 2000
(MED) Medical Laboratory Equipment	Feb. 1, 2000
(TES) Wireless Local Loop	Feb. 1, 2000
(FPP) Food Packaging Equipment	Feb. 15, 2000
(CSF) Encryption Software	Feb. 29, 2000
(HTL) Hotel & Restaurant Equipment	Apr. 1, 2000
(ACR) Components/Spare Parts for Air Conditioning Equipment	Apr. 30, 2000
(TES) Mobile Data Services	Jul. 2, 2000
(BLD) Energy Efficient and Control Equipment in Building and Construction Industry	Jul. 31, 2000
(PAP) Recycled Paper and Paperboard	Aug. 15, 2000
(CON) Boring & Tunneling Equipment and Parts	Aug. 31, 2000
(CSF) Internet Content Providers	Aug. 31, 2000
(BTC) Biotechnology - Testing Instruments	Sep. 1, 2000
(FUR) Office Furniture	Sep. 1, 2000

## **B. Reports Prepared by FAS**

### Market Overviews

The Agricultural Trade Office (ATO) Hong Kong prepares a broad range of market overviews which are available to the public by contacting the Foreign Agricultural Service, through the mail at: PSC 464, Box 30, FPO AP 96522-0002; fax (852) 2845-0943, or by E-mail at: ATOHongKong@fas.usda.gov. Market overviews are updated as often as possible, and new overviews are added according to market trends. The current list of overviews are as follows:

Beer (Jan 98)  
Bourbon (Apr 98)  
Cakes, Cookies and Crackers (Sep 98)  
Canned Food (Sep 98)  
Cheese (Mar 98)  
Chocolate & Sugar Confectionery (Mar 98)  
Cooking Oils and Fats (Apr 98)  
Dairy Products (Mar 98)  
Dried Fruits and Tree Nuts (Apr 98)  
Fast Food (Apr 98)  
Food Retailing (Apr 98)  
Fresh Fruit & Vegetables (Apr 98)  
Frozen Fruit & Vegetables (Apr 98)  
Frozen Desserts (Jan 98)  
Fruit Juice (Mar 98)  
Herbs, Spices and Ginseng (Jun 98)  
Hong Kong's Food Service (Dec98)  
Meat (Jun 98)  
Microwaveable Foods (Jan 98)  
Poultry & Eggs (Apr 98)  
Pet Foods (Jan 98)  
Seafood (Apr 98)  
Snack Foods (Nov 98)  
Sauces, Relishes and Condiments (Jun 98)  
Soft Drinks (May 98)  
Wine (Jan 98)

### Hong Kong Market Reports

-Annual Report of Poultry  
-Annual Report of Cotton  
-Annual Report of Livestock  
-Annual Report of Tobacco  
-Semi-Annual Report of Poultry  
-Semi-Annual Report of Livestock

-Exporter Guide  
-Competitor Report  
-Market Opportunities Update  
-Food Importer Lists

**U.S. MARKET DEVELOPMENT COOPERATOR ORGANIZATIONS REPRESENTED  
IN HONG KONG**

**USA POULTRY & EGG EXPORT COUNCIL**

Ms. Sarah Li  
Director of Market Development  
Room 2010 Hang Lung Center  
2-20 Paterson Street  
Causeway Bay  
Hong Kong  
Tel: (852) 2890-2908  
Fax: (852) 2895-5546  
E-Mail: usapeec-hk@ia.com.hk

**SUNKIST GROWERS, INC.**

Ms. Maria Kwok  
Sunkist (Far East) Promotion Limited  
Room 1303 Bank of America  
12 Harcourt Road  
Central  
Hong Kong  
Tel: (852) 2524-9219  
Fax: (852) 2845-3454

**U.S. POTATO BOARD**

**CALIFORNIA TREE FRUIT AGREEMENT**

Mr. Michael Wong  
Michael Wong & Co.  
3B Harvard Commercial Building  
105 Thomson Road  
Wanchai  
Hong Kong  
Tel: (852) 2891-3889  
Fax: (852) 2891-3702  
E-Mail: agrichin@netvigator.com  
E-Mail: michaelcfwong@hotmail.com

**U.S. MEAT EXPORT FEDERATION**

Mr. Joel Haggard  
8th Floor, Zoroastrain Building  
101 Leighton Road  
Causeway Bay  
Hong Kong

Tel: (852) 2890-7408  
Fax: (852) 2576-7345  
E-Mail: hongkong@usmef.org

**AMERICAN FOREST & PAPER ASSOCIATION, INC.**

Mr. John Chan  
Director  
Room 528 New World Office Building  
West Wing, 20 Salisbury Road  
Kowloon  
Hong Kong  
Tel: (852) 2724-0228  
Fax: (852) 2366-8931  
E-Mail: afandpahk@cserve2.ccmail.compuserve.com

**COTTON COUNCIL INTERNATIONAL**

Mr. Jeff Coey  
Director, China & South East Asia  
20/F Zoroastrian Building  
101 Leighton Road  
Causeway Bay  
Hong Kong  
Tel: (852) 2890-2755  
Fax: (852) 2882-5463  
E-Mail: ccihkg@ibm.net

**ALMOND BOARD OF CALIFORNIA**

**AMERICAN PEANUT COUNCIL**

**CALIFORNIA CHERRY ADVISORY BOARD**

**CALIFORNIA PEARS GROWERS ADVISORY BOARD**

**U.S. DAIRY EXPORT COUNCIL**

**USA DRY PEA & LENTIL COUNCIL**

**WESTERN U.S. AGRICULTURAL TRADE ASSOCIATION**

(California Seafood projects)

**WINE INSTITUTE OF CALIFORNIA**

Mr. Daniel Chan  
PR Consultants Ltd.  
Unit D, 14/F., Vulcan House  
21-23 Leighton Road  
Hong Kong  
Tel: (852) 2833-5977  
Fax: (852) 2893-7538  
(Hong Kong) E-Mail: prconhk@hkstar.com  
(Shanghai) E-Mail: daniel@online.sh.cn

**NATIONAL RENDERERS ASSOCIATION, INC.**

Dr. Yu Yu  
Asia Regional Director  
Unit A 22/F Circle Tower  
28 Tang Lung Street

Causeway Bay  
Hong Kong  
Tel: (852) 2890-2529  
Fax: (852) 2576-8045  
E-Mail: nrahkg@compuserve.com

**WASHINGTON APPLE COMMISSION  
NORTHWEST CHERRY GROWERS**

Mr. Philander Fan  
Marketing Channels  
Room 2107 Progress Commercial Building  
9 Irving Street  
Causeway Bay  
Hong Kong  
Tel: (852) 2815-6773, 2815-9375  
Fax: (852) 2544-7858  
E-Mail: philfan@navigator.com

**U.S. WHEAT ASSOCIATES**

Mr. Matt Weimar  
Far East Director  
12/F Zoroastrian Building  
101 Leighton Road  
Causeway Bay  
Hong Kong  
Tel: (852) 2890-2815  
Fax: (852) 2576-2676  
E-Mail: mweimar@uswheat.org

**ASPARAGUS USA (Hong Kong)**

**CALIFORNIA AVOCADO EXPORT PROGRAM (Hong Kong)**  
**CALIFORNIA CLING PEACH GROWERS ADVISORY BOARD (Hong Kong)**  
**CALIFORNIA PISTACHIO COMMISSION (China)**  
**CALIFORNIA RAISIN ADMINISTRATIVE COMMITTEE (China & Hong Kong)**  
**CALIFORNIA TABLE GRAPE COMMISSION (China & Hong Kong)**  
**FLORIDA DEPARTMENT OF CITRUS (China)**  
**PEAR BUREAU NORTHWEST (Hong Kong)**  
**WASHINGTON STATE POTATO COMMISSION (Hong Kong & Taiwan)**

Mr. Louis Ng  
Louis Ng & Associates Ltd.  
Suite B, 3/F Luen Wai Commercial Building  
93-97 Des Voeux Road West  
Hong Kong  
Tel: (852) 2858-2230  
Fax: (852) 2559-5896  
E-Mail: lnahk@netvigator.com

**ALASKA SEAFOOD MARKETING INSTITUTE**

Trade Liaison China & Hong Kong

2200 Kongjiang Road  
Peace Garden, Suite F-3001  
Shanghai 200092  
P.R. China  
Tel: (8621) 6562-6660  
Fax: (8621) 6562-6660  
E-Mail: qhwang@ihw.com.cn

#### **APPENDIX G - TRADE EVENT SCHEDULE**

##### **A. FY 2000 Events - Foreign Commercial Service will involve include:**

Event Name: Cosmoprof Asia 1999  
Date of Event: November 11-13, 1999  
Industry Theme: COS  
Type of Event: Certified Trade Fair  
Event Location: Hong Kong

Event Name: Asian Medex 2000 & Asian Dentech 2000  
Date of Event: January 27-30, 2000  
Industry Theme: MED  
Type of Event: Post Initiated Program  
Event Location: Hong Kong

Event Name: The Education & Careers Expo, Hong Kong  
Date of Event: February 24 - 27, 2000  
Industry Theme: EDS  
Type of Event: Post Initiated Program  
Event Location: Hong Kong

Event Name: Women in Trade Asia  
Date of Event: April 2000  
Industry Theme: GIE  
Type of Event: Trade Mission  
Event Location: Hong Kong

Event Name: Securitex 2000  
Date of Event: June 13 - 16, 2000  
Industry Theme: SEC  
Type of Event: Product Literature Center  
Event Location: Hong Kong

Event Name: Multi-State Catalog Exhibition  
Date of Event: September 2000  
Industry Theme: OTR  
Type of Event: Muti-State Catalog Exhibition  
Event Location: Hong Kong

B. Trade Event Schedule (July 1999 - September 2000)

The following major trade shows are also scheduled for Hong Kong, although the U.S. Commercial Service Hong Kong is not directly involved with them.

July 21 - 26, 1999  
Hong Kong Book Fair '99  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

July 29 - 31, 1999  
Digital World '99  
Hong Kong Convention & Exhibition Centre  
Organized by: IDG World Expo (Asia) Ltd.

July 30 - August 1, 1999  
Internet Commerce Expo '99 (ICE HK '99)  
Hong Kong Convention & Exhibition Centre  
Organized by: IDG World Expo (Asia) Ltd.

August 18 - 22, 1999  
Food Expo '99  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

September 1 - 3, 1999  
International Tourism Asia  
Hong Kong Convention & Exhibition Centre  
Organized by: Miller Freeman Asia Ltd.

September 7 - 11, 1999  
Hong Kong Watch & Clock Fair '99  
Hong Kong Convention & Exhibition Centre  
Organized by : HKTDC

September 15 - 18, 1999  
The Asian Industrial Expo (AIE99)  
Hong Kong Convention & Exhibition Centre  
Organized by: Business & Industrial Trade Fairs Ltd.

September 15 - 18, 1999  
ASIAN IT EXPO '99 - The 10<sup>th</sup> Asian Information Technology Exhibition  
Hong Kong Convention & Exhibition Centre  
Organized by: Adsale Exhibition Services Limited

September 15 - 18, 1999  
Pack Print Expo '99 - The 13<sup>th</sup> International Packaging & Printing



Machinery & materials Exhibition for Asia  
Hong Kong Convention & Exhibition Centre  
Organized by: Business & Industrial Trade Fairs Ltd.

September 23 - 27, 1999  
September Hong Kong Jewellery & Watch Fair '99  
Hong Kong Convention & Exhibition Centre  
Organized by: Miller Freeman Asia Ltd.

October 1 - 3, 1999  
Brilliant Wedding Fashion & Accessories Expo  
Hong Kong Convention & Exhibition Centre  
Organized by: Hong Kong (Asia) Exhibition Co. Ltd.

October 4 - 6, 1999  
Asia Pacific Leather Fair '99 - Fashion & Finished Products - Autumn Show  
Hong Kong Convention & Exhibition Centre  
Organized by: Asia Pacific Leather Fair Ltd.

October 12 - 15, 1999  
electronicAsia '99 - International Trade Fair for Components, Assemblies and Electronics Products  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

October 12 - 15, 1999  
Hong Kong Electronics Fair '99  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

October 12 - 15, 1999  
Hong Kong International Lighting Fair '99  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

October 19 - 22, 1999  
8<sup>th</sup> Hong Kong International Toys & Gifts Show '99 and the 7<sup>th</sup> Asian Gifts, Premium & Household Products Show '99  
Hong Kong Convention & Exhibition Centre  
Organized by: Kenfair International Ltd.

October 20 - 22, 1999  
Interstoff Asia Autumn International Fabric Show  
Hong Kong Convention & Exhibition Centre  
Organized by: Messe Frankfurt (H.K.) Ltd.

October 27 - 29, 1999  
Hong Kong International Hardware & Home Improvement Fair '99  
Hong Kong Convention & Exhibition Centre

Organized by: HKTDC

October 28 - 30, 1999

Pen & Paper '99 - International Trade Fair for Stationery, Office  
Supplies & Educational Systems

Hong Kong Convention & Exhibition Centre

Organized by: HKTDC

November 3 - 5, 1999

Hong Kong Optical Fair '99

Hong Kong Convention & Exhibition Centre

Organized by: HKTDC

November 3 - 5, 1999

Heimtextil Asia/Asiaflor International Trade Fair for Hometextiles,  
Floor Coverings and Interior Furnishing

Hong Kong Convention & Exhibition Centre

Organized by: Messe Frankfurt (H.K.) Ltd.

November 3 - 5, 1999

Internet World Asia @ Hong Kong '99

Hong Kong Convention & Exhibition Centre

Organized by: Reed Exhibitions Ltd.

November 11 - 13, 1999

COSMOPROF ASIA '99

Hong Kong Convention & Exhibition Centre

Organized by: Cosmoprof Asia Ltd.

November 25 - 30, 1999

Hong Kong Technology Exhibition '99

Hong Kong Convention & Exhibition Centre

Organized by: Industry Department

December 1 - 3, 1999

Visual Communication Asia 99

Hong Kong Convention & Exhibition Centre

Organized by: Miller Freeman Asia Ltd.

December 2 - 6, 1999

International Audio and Visual Show '99

Hong Kong Convention & Exhibition Centre

Organized by: HKTDC

December 25 - 27, 1999

Brilliant Wedding Fashion & Accessories Expo

Hong Kong Convention & Exhibition Centre

Organized by: Hong Kong (Asia) Exhibition Co. Ltd.

December 1999

Hong Kong Expo  
Hong Kong Convention & Exhibition Centre  
Organized by: China Promotion Ltd.

January 10 - 13, 2000  
Hong Kong Toys & Games Fair 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

January 17 - 20, 2000  
Hong Kong Fashion Week for Fall/Winter 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

January 27 - 30, 2000  
Asian Medex 2000 & Asian Dentech 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: Hong Kong (Asia) Exhibition Co. Ltd.

February 24 - 27, 2000  
Education & Careers Expo 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

February 28 - March 1, 2000  
2000 Hong Kong International Fur and Fashion Fair  
Hong Kong Convention & Exhibition Centre  
Organized by: Hong Kong Fur Federation

March 6 - 9, 2000  
Hong Kong International Jewellery Show 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

March 23 - 26, 2000  
Clothing Industry Fair 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: Paper Communication Exhibition Services

March 23 - 26, 2000  
Hong Kong International Machine Tool - Linkage Industry Exhibition 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: Paper Communication Exhibition Services

March 23 - 26, 2000  
Hong Kong International Packaging Exhibition 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: Paper Communication Exhibition Services

March 23 - 26, 2000

Hong Kong International Plastics 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: Paper Communication Exhibition Services

March 23 - 26, 2000  
South China International Textile Exhibition 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: Paper Communication Exhibition Services

March 2000  
Measurex Exhibition 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: Paper Communication Exhibition Services

March 2000  
Hong Kong Information Infrastructure Expo 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

March 30 - April 1, 2000  
Asia Pacific Leather Fair 2000 - Fashion and Finished Products - Spring Show  
Hong Kong Convention & Exhibition Centre  
Organized by: Asia Pacific Leather Fair Ltd.

April 5 - 8, 2000  
Asia Pacific Leather Fair 2000 - Raw Materials and Manufacturing  
Hong Kong Convention & Exhibition Centre  
Organized by: Asia Pacific Leather Fair Ltd.

April 11 - 13, 2000  
Interstoff Asia Spring 2000 - International Fabric Show  
Hong Kong Convention & Exhibition Centre  
Organized by: Messe Frankfurt (H.K.) Ltd.

April 17 - 20, 2000  
Hong Kong Gifts & Houseware Fair 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

April 17 - 20, 2000  
Hong Kong Premium Show 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

May 4 - 7, 2000  
The 16<sup>th</sup> International Computer Expo - Computer 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: Business & Industrial Trade Fairs Ltd.

May 2000

Money World Asia, Hong Kong 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

May 2000

3<sup>rd</sup> Hong Kong Watch & Clock Festival 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: Brillant-Art Trade Fairs Ltd.

June 2 - 4, 2000

Furniture & Decoration Hong Kong 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: Neway International Trade Fairs Ltd.

June 8 - 11, 2000

ITE Hong Kong '2000  
Hong Kong Convention & Exhibition Centre  
Organized by: Adsale Exhibition Services Limited

June 13 - 16, 2000

AIRVEX 2000 - The 5<sup>th</sup> Asian International Air-conditioning, Ventilation,  
Heating and Refrigeration Show  
Hong Kong Convention & Exhibition Centre  
Organized by: Hong Kong Exhibition Services Ltd.

June 13 - 16, 2000

ASIAN ELENEX 2000 - The 9<sup>th</sup> Asian International Power, Electrical and  
Electronic Engineering Show  
Hong Kong Convention & Exhibition Centre  
Organized by: Hong Kong Exhibition Services Ltd.

June 13 - 16, 2000

LUMINEX 2000 - The 6<sup>th</sup> Asian International Lighting Technology, Fittings  
and Systems Show  
Hong Kong Convention & Exhibition Centre  
Organized by: Hong Kong Exhibition Services Ltd.

June 13 - 16, 2000

IBS 2000 - The 4<sup>th</sup> Asian International Building Services and Technology  
Exhibition  
Hong Kong Convention & Exhibition Centre  
Organized by: Hong Kong Exhibition Services Ltd.

June 13 - 16, 2000

SECURITEX 2000 - The 6<sup>th</sup> Asian International Security, Safety and Fire  
Protection Show and Conference  
Hong Kong Convention & Exhibition Centre  
Organized by: Hong Kong Exhibition Services Ltd.

June 2000

FILMART 2000 - Hong Kong International Film & TV Market  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

July 11 - 14, 2000

Hong Kong Fashion Week for Spring/Summer 2001  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

July 19 - 24, 2000

Hong Kong Book Fair 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

August 16 - 20, 2000

Food Expo 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

September 6 - 10, 2000

Hong Kong Watch & Clock Fair 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: HKTDC

September 20 - 24, 2000

September Hong Kong Jewellery & Watch Fair 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: Miller Freeman Asia Ltd.

September 27 - 30, 2000

ASIAN IT EXPO 2000  
Hong Kong Convention & Exhibition Centre  
Organized by: Adsale Exhibition Services Ltd.

September 2000

The Asian Industrial Expo (AIE 2000)  
Hong Kong Convention & Exhibition Centre  
Organized by: Business & Industrial Trade Fairs Ltd.

September 2000

PACK PRINT Expo 2000 - The 14<sup>th</sup> International Packaging & Printing  
Machinery & Materials Exhibition for Asia  
Hong Kong Convention & Exhibition Centre  
Organized by: Business & Industrial Trade Fairs Ltd.

(NOTE: Changes may occur after this listing goes into print. Readers are advised to check with the organizers directly if they wish to participate in or attend a particular event.)

Contact Address for Organizers:

Adsale Exhibition Services Limited  
4/F., Stanhope House  
734 King's Road  
Quarry Bay, Hong Kong  
Tel: (852) 2811-8897  
Fax: (852) 2516-5024  
E-mail: aes@adsaleexh.com  
Website: www.adsaleexh.com

Asia Pacific Leather Fair Ltd.  
4401, China Resources Building  
26 Harbour Road  
Wan Chai, Hong Kong  
Tel: (852) 2827-6211  
Fax: (852) 2827-7831  
Website: www.aplf.com

Brillant-Art Trade Fairs Ltd.  
Unit 1501, Kodak House II  
321 Java Road  
North Point, Hong Kong  
Tel: (852) 2511-6077  
Fax: (852) 2507-5855  
E-mail: baap@netvigator.com

Business & Industrial Trade Fairs Ltd.  
Unit 1223, 12/F, Hong Kong International Trade & Exhibition Centre  
1 Trademart Drive, Kowloon Bay  
Kowloon, Hong Kong  
Tel: (852) 2865-2633  
Fax: (852) 2866-1770

China Promotion Ltd.  
1703 Tung Wai Commercial Building  
109 Gloucester Road  
Wan Chai, Hong Kong  
Tel: (852) 2511-7427  
Fax: (852) 2511-9692

Cosmoprof Asia Ltd.  
Rooms 102-5, Stanhope House  
738 King's Road  
Quarry Bay, Hong Kong  
Tel: (852) 2827-6211  
Fax: (852) 2827-7831  
E-mail: cosmasia@mfasia.com.hk  
Website: www.cosmoprof-asia.com

Hong Kong (Asia) Exhibition Co. Ltd.  
15/F, Matheson Centre  
3 Matheson Street  
Causeway Bay, Hong Kong  
Tel: (852) 2591-9823  
Fax: (852) 2573-3311

Hong Kong Exhibition Services Ltd.  
Unit 901-2, Shiu Lam Building  
23 Luard Road  
Wan Chai, Hong Kong  
Tel: (852) 2804-1500  
Fax: (852) 2528-3103  
E-mail: [exhibit@hkesmontnet.com.hk](mailto:exhibit@hkesmontnet.com.hk)  
Website: [www.hkesmontnet.com.hk](http://www.hkesmontnet.com.hk)

Hong Kong Fur Federation  
Room 603, 6/F, Chevalier House  
45-51 Chatham Road South  
Tsimshatsui, Kowloon  
Hong Kong  
Tel: (852) 2367-4646  
Fax: (852) 2739-0799  
E-mail: [furs@hkfurfed.com.hk](mailto:furs@hkfurfed.com.hk)  
Website: [www.hkfurfed.com.hk](http://www.hkfurfed.com.hk)

Hong Kong Trade Development Council (HKTDC)  
36-39<sup>th</sup> Floor, Office Tower, Convention Plaza  
1 Harbour Road  
Wan Chai, Hong Kong  
Tel: (852) 2584-4333  
Fax: (852) 2824-0249  
E-mail: [hktdc@tdc.org.hk](mailto:hktdc@tdc.org.hk)  
Website: [www.tdc.org.hk](http://www.tdc.org.hk)

IDG World Expo (Asia) Ltd.  
Suite 1016-19, Mount Parker House  
1111 King's Road  
Quarry Bay, Hong Kong  
Tel: (852) 2527-9338  
Fax: (852) 2529-9956

Industry Department  
14/F, Ocean Centre  
5 Canton Road, Tsimshatsui  
Kowloon, Hong Kong  
Tel: (852) 2737-2282  
Fax: (852) 2377-0730  
E-mail: [tech@id.gen.gov.hk](mailto:tech@id.gen.gov.hk)



Kenfair International Ltd.  
Unit 2005, 20/F, Nanyang Plaza  
57 Hung To Road, Kwun Tong  
Kowloon, Hong Kong  
Tel: (852) 2311-8216  
Fax: (852) 2311-6629  
E-mail: kenfair@hk.super.net

Messe Frankfurt (H.K.) Ltd.  
Room 1809, China Resources Building  
26 Harbour Road  
Wan Chai, Hong Kong  
Tel: (852) 2802-7728  
Fax: (852) 2511-3466  
E-mail: mfhk@netvigator.com

Miller Freeman Asia Ltd.  
Rooms 102-5, Stanhope House  
738 King's Road  
Quarry Bay, Hong Kong  
Tel: (852) 2827-6211  
Fax: (852) 2827-7064

Neway International Trade Fairs Ltd.  
1502 Kodak House II  
321 Java Road  
North Point, Hong Kong  
Tel: (852) 2561-5566  
Fax: (852) 2811-9156

Paper Communication Exhibition Services  
Room 15, 5/F, Wah Shing Centre  
11 Shing Yip Street, Kwun Tong  
Kowloon, Hong Kong  
Tel: (852) 2763-9012  
Fax: (852) 2341-0379

Reed Exhibitions Ltd.  
19/F, Eight Commercial Tower  
8 Sun Yip Street  
Chai Wan, Hong Kong  
Tel: (852) 2824-0330  
Fax: (852) 2824-0178  
Website: [www.reedexpo.com](http://www.reedexpo.com)